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An Investigation into Marketing Relationships in a London Borough

JOHN STEWART MAY

Thesis submitted in part fulfilment of the
Degree of
Doctor of Philosophy

Middlesex University
Business School

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ABSTRACT

The primary aim of the thesis was to investigate the theoretical implications of extending relationship marketing to a sector where it had not previously been applied, namely local government in England. The secondary research aim was to investigate the nature of relationships between service providers and service users in the context of a London Borough, with a view to making recommendations on appropriate marketing strategies for different local government services.

The research design was based upon a review of elements of the academic literature on relationships, relationship marketing, and local government. The review led to the identification of a new way of describing marketing relationships, namely the 'model' of a relationship. Eight such models were identified in the literature and seven were used in the data collection phase of the study. An embedded case study approach was used to collect and analyse the data, with the London Borough of Barnet acting as the overall case, and three different services provided by the Borough Council serving as the embedded cases. The three services, chosen to reflect the wide range of different activities carried out by a London Borough, were Libraries, Environmental Health and Benefits.

Within each of the three embedded cases there were two quantitative, self-completion surveys – one for the service providers and one for the service users. The surveys were used to obtain numerical scores for each of the seven relationship models. The study presents the relationship model scores for the six surveys and shows how they form a picture of the relationships between the providers of a particular service and the users of that service. In particular it is shown that while users do not perceive any relationship between themselves and the service providers, the providers **do** perceive a relationship – described by either the Taken for Granted relationship model (providers in both the Environmental Health and the Benefits services) or the Weak Ties model (Library service providers).

The main finding of the study in respect of the primary research aim is that while there are no theoretical objections to extending relationship marketing into local government, in practice attempts to do so are unlikely to succeed because the service provider/service user relationships involved in the local government contexts examined in this study are typified by levels of interpersonal interaction which are too low to permit the creation and maintenance of viable relationships.

The study also notes that the inappropriateness of one form of marketing does not rule out all other forms of marketing in local government, and in particular the concept of marketing Taken for Granted services is discussed in the context of the secondary research aim. One of the characteristics of this type of service is a degree of dissociation in the service user's mind between the service itself and the organisation supplying it. A set of recommended strategies for marketing this kind of service, adapted for local government from the literature of Taken for Granted marketing, is put forward. The marketing implications of the other relationship models are also briefly discussed.

The limitations of this thesis are outlined in the conclusion and some avenues for future research are suggested, including investigation of the possibility that the providers of Taken for Granted services might feel taken for granted, not just by their service users but also by their own employers.

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Relationships in Local Government Marketing

Chapter 1: Introduction to the thesis

This thesis is an investigation into the theoretical implications of extending relationship marketing to a sector where it has not previously been applied, namely local government in England. It also investigates the nature of relationships between service providers and service users in the context of one London Borough, with a view to establishing whether relationship marketing can be applied in the local government sector.

Local government is a major sector in England, with a spend of £93,893 million in 2001/02 (HM Treasury, 2003) and a workforce of more than 1.4 million people (Employers' Organisation for Local Government, 2003). It is also a very diverse sector in terms of the services it offers. The London Borough of Barnet, for example, lists over 200 separate services in its official A-Z of Council Services.

Marketing of local government services is a comparatively less-developed part of the marketing discipline, and is for the most part characterised by the transactional paradigm. The development of relationship marketing (outside the local government sector) over the last decade or so has led to some writers claiming that relationship marketing is the new paradigm for marketing. Whether or not this is true is not investigated here. It is however generally accepted that much time and effort has been spent on researching and writing about relationship marketing, which in itself makes the subject worthy of attention. The

present study aims to bring together an important subject in the marketing literature with a hitherto largely neglected sector of the economy.

1.1 Objectives of the Study

The application of relationship marketing has been largely confined to the services (Webster, 1992) or fast moving consumer goods (fmcg) (Berry, 1995) sectors. There have also been a small number of attempts to apply it to the not-for-profit, in particular the charity, sector (Conway, 1996; Graham, 1994; O'Sullivan and O'Sullivan, 1995; Rees, 1998).

The primary question in this research is what are the theoretical implications of extending relationship marketing to a sector, namely local government, where it has not been considered before. Thus, this research is what Phillips and Pugh (1994) call 'testing-out research', looking at how far relationship marketing can be extended and into what sector. A second research question is to investigate the nature of service provider/service user relationships across all local government services.

These questions will be answered by an examination of the relationships between local government service providers and their customers. It is acknowledged that these are not the only stakeholders in local government service provision. Others include central government (which provides the majority of the money to pay for the services), various regulatory and inspection bodies such as the Audit Commission, the elected councillors, the electors themselves, local businesses (whose local taxation is on a completely different basis to that paid by local

residents¹), and the many suppliers both local and national that provide goods and services to local councils. However, at the crucial moment of the service encounter in local government there are just two protagonists, the service provider and the service user, and it is these two that this research focuses on.

The argument in respect of the first research question is that the presence of relationships of the kind described in the relationship marketing literature is a necessary (though not sufficient) condition for relationship marketing to apply. Conversely, if there are no relationships between local authority service providers and their service users then it is doubtful that relationship marketing can usefully be extended to local government. The purpose of the second research question is to permit the making of recommendations on appropriate approaches to the marketing of different local government services.

In preparing for this research, consideration of different literature streams on the nature of marketing relationships led to a new way of describing them and assessing whether or not they exist in a given situation. The concept of the **model** of a relationship (introduced in Chapter 6) is used to characterise the way in which service users perceive their relationship with the service providers, and vice versa. This new approach to thinking about marketing relationships leads to the decomposition of the two research questions into three research hypotheses:

H.1 There is a distinctive relationship which is found in the local government context.

¹ This tax, known as the National Non Domestic Rate, is actually set centrally, not locally.

H.2 Users of council services do not have any relationship with their council.

H.3 Marketing relationships are perceived in the same way in both the local government and the commercial sectors.

The present study uses an embedded case study approach (Yin, 1994) with a single case (London Borough of Barnet) and three embedded services - Libraries, Environmental Health, Benefits Service (Housing and Council Tax Benefits) as the research subjects. Within each service there are two surveys, one of service providers and one of service users, because of the theoretical importance of gaining perspectives from both sides of the service encounter. The surveys themselves operationalise the relationship models in order to test the three research hypotheses and two research questions.

1.2 Principal Contribution

There has been little or no consideration of relationships in the local government marketing literature despite the growing volume of research into relationship marketing in the academic marketing literature.

The principal contribution of this thesis lies in extending our understanding of the nature of the relationships between service providers and service users in local government. This is important because it provides a theoretical underpinning for marketing practice in local government that is derived from the sector itself and not simply transplanted from commercial practice. This research shows that there is no need to develop new concepts of marketing relationships to suit the local government context, because the existing concepts are either

adequate (in the case of the service providers) or unnecessary because there is no evidence that a marketing relationship exists (in the case of the service users).

1.3 Theoretical Contributions

This study makes a contribution to the theory of local government by developing a framework and a method for describing and classifying the relationships between local government service providers and their service users. This is of particular relevance to marketing local government services, as it shows that there is one kind of relationship (the Taken for Granted kind) that is particularly appropriate to many local government services. Thus this research provides theoretical justification for using the existing body of literature on marketing Taken for Granted services to inform marketing practice in local government. The contribution this study makes to the theory of marketing lies in the field of relationship marketing. Some attempts have already been made to establish the boundaries within which relationship marketing is applicable, but by and large these have amounted to little more than generalised statements that it applies particularly to service industries. What is missing is any defined set of boundaries saying that relationship marketing applies in this part of the services sector but not that one, and that there are boundaries beyond which it is not possible or appropriate to go. In particular, there has been no research investigating the extent to which relationship marketing can be applied to the local government part of the services industry sector. This study demonstrates that there is very little scope for interpersonal relationships in the delivery of many local government services, and hence that there is limited scope for relationship marketing in this sector. This means that the conventional claim that

relationship marketing is particularly suitable to the service sector (see, for example, Buttle, 1996) needs to be qualified – local government accounts for a significant fraction of the service sector in England whether it is measured by annual spend or by numbers of employees, and yet it offers only limited scope for relationship marketing.

1.4 Methodological Contribution

This study introduces the concept of the ‘models’ of a relationship as a way of looking at relationships in terms not only of their affective or subjective content such as the degree of trust and commitment, but also their objective characteristics, such as frequency of contact, whether a monetary exchange is involved or whether the service provider has a monopoly in the local area.

This study has demonstrated how to operationalise different relationship models and incorporate them into viable and valid questionnaires in order to measure the applicability of different models to different local government contexts.

The idea of a ‘relationship profile’ is also introduced, as a convenient way of summarising complex and multi-dimensional information about the nature of marketing relationships in a single chart.

1.5 Marketing Contribution

The practical or marketing contribution is the development of a tool to enable local government marketers to adopt the most appropriate strategy for their communications with service users. In particular, the study suggests that in many

cases local government marketers should recognise and utilise the techniques associated with “Taken for Granted Marketing”. Since these techniques have already been developed elsewhere their practical application by local government should prove feasible.

1.6 Thesis Outline

The thesis is divided into four parts. Part I (Chapters 2 and 3) provides background information on services marketing and local government.

Part II (Chapters 4 to 6) concentrates on the theory of marketing relationships and developing the concept of ‘relationship model’ as a new tool for investigating marketing relationships.

Part III (Chapters 7 and 8) is about the empirical investigation, covering the methodological basis for the work in Chapter 7 and reporting on the results in Chapter 8.

Part IV (Chapter 9) concludes the thesis with a discussion of the theoretical and marketing implications, research limitations, and suggestions for future research.

1.6.1 Overview of Chapters

1.6.1.1 Chapter 2: Services marketing, relationship marketing and local government activities

This chapter reviews the services marketing literature in order to define services marketing and thus establish that most local government activities are correctly

classified as services rather than products. Next, it is shown that the concepts of both services marketing and service quality are closely connected with relationship marketing and it is concluded that, despite some difficulties caused by the way local government tends to treat quality management, the link between services marketing and relationship marketing justifies the attempt to extend relationship marketing into the local government arena. The chapter then examines the 'service encounter', which is central to modern services marketing theory, and shows that one type of service encounter in particular is both characteristic of local government services and peculiarly suited to relationship marketing. A sub-set of services marketing, the marketing of "taken-for-granted" services, is considered next and a number of possible marketing strategies are put forward, including corporate branding and internal marketing. The overall conclusion of the chapter is that while relationship marketing ought in theory to be applicable to local government, in practice work needs to be done to establish the nature of the relationships between service providers and service users in this context before any conclusion can be drawn about whether relationship marketing can be applied in this way.

1.6.1.2 Chapter 3: Defining Relationship Marketing

Chapter 3 begins by considering which of three categories of relationship (business to business, person to business or interpersonal) is most applicable to local government. It then acknowledges that the concept of relationship marketing is an elusive one and considers four perspectives on relationship marketing put forward by Rowe and Barnes (1998). These perspectives are locking customers in, customer retention, database marketing, and building strong, close, positive relationships –

such relationships being characterised by “mutuality” and “special status”. The chapter concludes that local councils identify most strongly with the fourth of these perspectives, and sets out certain criteria that a local government specific definition of relationship marketing would have to meet. It concludes that a slightly amended version of Berry and Parasuraman’s (1991) definition of relationship marketing is the most suitable in the context of this research.

1.6.1.3 Chapter 4: Relationships in the context of local government

Chapter 4 investigates whether the necessary precondition for the application of relationship marketing, namely relationships between service providers and service users, exists in the context of local government. Local government literature is reviewed and two major tensions in the evolution of local government in England are identified, namely ‘function versus structure’ and ‘partner versus agent’. It is argued that both tensions militate against the development of relationships between local councils and their citizens. The ‘managerial perspective’ of local government is also discussed, and it is shown that this has reinforced the public perception of local councils as mere agents of the centre, lacking real autonomy, which in turn diminishes the likelihood of a relationship developing between council and citizen. The chapter draws attention to an apparent lack of interest in local democracy, as evidenced by turnouts at local elections, and makes the point that this too militates against relationship formation.

Next, the important distinction between ‘governance’ and ‘government’ is made, and it is shown that, contrary to expectation, it appears to make no difference to the

formation of relationships between citizens and their local council. Nonetheless, the concept of governance is an important one in the local government literature and it leads directly to the formulation of the first research hypothesis.

The chapter draws the conclusion that citizens are becoming increasingly alienated from their local council thus militating against relationship formation. The final part of the chapter concentrates on the development of London local government in particular, since Barnet is a London Borough. It shows how the development of local government in London reflects the broader national picture, and leads to the generation of the second hypothesis.

1.6.1.4 Chapter 5: Elements of a relationship

The premise of this chapter is that relationships are complex, and that they are made up of a number of elements. If these elements are not present in a particular environment then there may be no relationship. The chapter begins by describing the uncertainty in the marketing literature about how service provider/service user relationships are created and maintained. It then discusses the conditions necessary for a relationship to exist. These preconditions include customer knowledge that the relationship exists and customer willingness for the relationship to exist. The idea of the elements of a relationship is introduced next, and the elements most commonly found in the literature are listed. It then defines and describes the four most frequently cited elements of a relationship (trust, commitment, closeness and co-operation) and makes a preliminary assessment of whether each of the four elements is likely to be found in the three local government services case studies. The chapter concludes, on theoretical not empirical grounds, that relationships do not appear

very likely to develop in the three local government case studies used in this study because the conditions for a relationship to develop either do not exist, or are only present in a weak form.

1.6.1.5 Chapter 6: Relationship Models

This chapter introduces and describes the difference between relationship elements and relationship models, and explains the advantage of using the concept of relationship model in this investigation. It includes a review of selections from a variety of literature streams, identifies eight relationship models which could be of use and discusses each of them with respect to their potential applicability to the marketing of local government services. The chapter then summarises the characteristics of each model in preparation for the empirical study of three local government services. It is shown how the different models can be located on the same underlying continuum, 'interaction', that can be used to classify them. The chapter also generates a third research hypotheses, derived from consideration of relationship models, to add to the two drawn from the discussion of local government relationships in Chapter 3. It is concluded that the relationship models discussed in the chapter could be applied to the local government context.

1.6.1.6 Chapter 7: Methodology

The methodology chapter begins by considering the philosophical bases for research and shows how, although the present work is mostly informed by a positivist philosophy, the overall strategy is best described as 'eclectic'. The chapter then describes how the relationship models developed in the previous chapter were used to form the data collection instruments for the empirical phase of this research, two

instruments for each of the three case studies, one for service providers and one for service users. The three Barnet Borough services chosen as case studies are described, and a typology is provided to account for their selection. The first questionnaire to be developed (for Library staff) is described in some detail, while the other five - being variations on the first – are mentioned briefly. The sampling techniques used to select survey respondents are also outlined.

1.6.1.7 Chapter 8: Data Analysis

This chapter analyses the data collected through the questionnaires described in the previous chapter and tests the three research hypotheses, namely that there is a distinctive relationship which is found in the local government context; that users of council services do not have any relationship with their council and that the models of relationships are the same in local government as in the commercial sector. The chapter also investigates the second research question, the nature of service provider/service user relationships across all local government services. It presents the relationship model scores for both the service providers and the service users in each of the three case studies and considers whether they support or reject the research hypotheses and the second research question. The chapter concludes that the first research hypothesis, that there is a distinctive relationship which is found in the local government context, is rejected by the findings.

There is conflicting evidence regarding the second hypothesis. The evidence from service users supports this hypothesis but the evidence from service providers does not. The chapter considers the implications of this conflict. The third hypothesis is

then considered and it is concluded that any relationships in the local government sector are of the same kind as is found in the commercial sector. There is conflicting evidence regarding the secondary research question, that relationships are the same across all services in local government. It is rejected by service providers but accepted by service users. The chapter concludes by highlighting an additional point for consideration in future research relating to the theoretical concept of Taken for Granted marketing, namely the possibility that service providers might feel taken for granted, not just by their service users but also by their own employers and that therefore there is a strong case for internal marketing in taken for granted services.

1.6.1.8 Chapter 9: Conclusions

This chapter sets out the main findings and conclusions of the research, and in particular it discusses what the empirical findings have to say about the three research hypotheses. This discussion leads to a consideration of the main research question, whether relationship marketing can be applied to local government. It is concluded that, while there is a theoretical basis for extending relationship marketing to this new context, attempts to do so will probably fail because the relationships involved are inappropriate for relationship marketing. The chapter then considers some of the marketing implications of the research, including the applicability of marketing to local government, the implications of the phenomenon of dissociation between a “Taken for Granted” service and the organisation that provides it, some of the lessons of services marketing theory for local government marketing and the relevance of relationship models to service provision. The chapter then considers how Taken for Granted marketing can be applied to local government.

The final part of this chapter discusses some of the limitations of the research, of the research design and of the methodology, and concludes by outlining the contributions to knowledge made by this research and makes some suggestions for future research. These include the possibility that personality types might affect service provider perceptions of relationships with service users, and the desirability of extending the scope of the “Taken for Granted” relationship model to include service providers as well as the service users.

Chapter 2: Services marketing, relationship marketing and local government activities

2.1 Introduction

This chapter reviews the services marketing literature in order to define services marketing and thus establish that most local government activities are correctly classified as services rather than products. Next, it is shown that the concepts of both services marketing and service quality are closely connected with relationship marketing and it is concluded that, despite some difficulties caused by the way local government tends to treat quality management, the link between services marketing and relationship marketing justifies the attempt to extend relationship marketing into the local government arena. The chapter then examines the ‘service encounter’, which is central to modern services marketing theory, and shows that one type of service encounter in particular is both characteristic of local government services and peculiarly suited to relationship marketing. A sub-set of services marketing, the marketing of “taken-for-granted” services, is considered next and a number of possible marketing strategies are put forward, including corporate branding and internal marketing. The overall conclusion of the chapter is that while relationship marketing ought in theory to be applicable to local government, in practice work needs to be done to establish the nature of the relationships between service providers and service users in this context before any conclusion can be drawn about whether relationship marketing can be applied in this way.

2.2 Services Marketing

Until about the second half of the 20th century the development of a distinctive theory of services marketing was effectively held up by the prevailing attitude towards services among economists, and by extension among marketing theorists too. The classical economists' view was that services are non-productive, because they do not produce anything tangible:

For Adam Smith the situation was black and white: work was either productive or non-productive, and services fell squarely into the latter camp. Karl Marx considered services to be a waste of resources: since they didn't yield anything physical or material, they didn't yield anything useful.
(Vandermerwe, 1993, p.7)

By the start of the 20th century economists were recognising that services are not without economic value, although they still found it hard to deal with them using traditional concepts. Walsh quotes Alfred Marshall's definition of a service:

“goods that pass out of existence at the moment of creation” (Walsh, 1989, p.68)

Whilst Converse, writing in 1921, observed

Still the main function of ‘business’ is to market goods. Accounting, banking, insurance and transportation are only aids, very important aids it is true, to the production and marketing of goods. (Converse, 1921, p. vi)

In other words while they might be ephemeral and intangible, services can at least be thought of as a type of good – and therefore potentially amenable to goods marketing techniques.

During the 1970s a debate emerged in the literature about whether the marketing of services was genuinely different from the marketing of goods. One of the most influential articles from this time was Lynn Shostack's seminal paper, entitled “Breaking free from product markets” (Shostack, 1977). In her paper Shostack

recognised the distinctive nature of services, and the need for a distinctive theory of how to market them.

The fact remains that service marketers are in urgent need of concepts and priorities that are relevant to their actual experience and needs, and that marketing has failed in evolving to meet that demand.

(Shostack, 1977 p.46)

2.3 Definition of services

The debate over whether there could be a distinctive theory of services marketing, as opposed to goods marketing, naturally produced a number of attempts at defining what was meant by a 'service'. Zeithaml and Bitner cite Quinn, Baruch and Paquette's (1987) definition of services as including

all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser.

(Zeithaml and Bitner, 2000, p. 3)

Lovelock, Vandermerwe and Lewis offer three definitions of services:

A service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production.

Services are economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about a desired change in – or on behalf of – the recipient of the service.

Services have been described as 'something which can be bought and sold, but which you cannot drop on your foot'

(Lovelock, Vandermerwe and Lewis, 1999, p. 7)

These definitions show how difficult it is to describe something that is characterised by its intangibility. A more detailed description of the differences

between services and goods has been developed by Gabbott and Hogg in an attempt to bring more clarity to the definition:

- intangibility
 - inseparability – the inseparability of the production and consumption aspects of the service transaction
 - heterogeneity - each service encounter will be different by virtue of the participants, the time of performance or the circumstances. As a consequence each purchaser is likely to receive a different service experience
 - perishability – the time factor is important
 - ownership – the purchaser only has temporary access to or use of the service
- (Gabbott and Hogg, 1998, p. 26 - 29)

Lovelock, Vandermerwe and Lewis (1999, p. 16) provide a similar list to

Gabbott and Hogg's but add four extra features:

- other people may form part of the product
- many services are difficult for customers to evaluate
- there is typically an absence of inventories
- delivery systems may involve both electronic and physical channels

The importance of the evaluation process which customers use when deciding on the purchase of a service was recognised by Zeithaml (1981, p. 194) and Berry & Parasuraman subsequently encapsulated the differences between the evaluation processes associated with services and those associated with products:

Services marketing has a more limited influence on customers prior to purchase than goods marketing ... services are dominated by experience qualities, attributes that can be meaningfully evaluated only after purchase and during ... consumption.
(Berry & Parasuraman, 1991, p. 6)

An illuminating example of the evaluation of a service by its experience qualities is given by the following, apocryphal, account:

There was a man the other day who went into McDonald's and asked if he could get the roof of his council house repaired that week. He was told quite courteously that they couldn't help him as

they sold hamburgers. He said he knew that, but even so the service was better. He'd only had to wait 30 seconds in one queue before being told he couldn't have what he wanted. The place was clean and friendly and after listening carefully to his request they seemed genuinely sorry they couldn't help. He thought he would go there again if he needed other local authority services. (Anon., 1997)

Experience of marketing in a different public service sector, the national health service, is instructive in this context. McNulty et al. say that "the character of the relationship between purchasers and providers ... encourages relationship marketing" (McNulty et al., 1994, p. 53) because quality of service becomes the dominant issue. Also,

... the orthodox marketing mix variables - product, price, place and promotion ... may be limited as a basis for hospitals to develop their marketing strategies. This is because the more intangible issues of quality and service to patients appear to be at the heart of the process of relationship building between NHS purchasers and providers. (McNulty et al., 1994, p.54)

It is concluded that the two most important features of a service, from a marketing perspective, are intangibility and the processes the prospective customers use to evaluate the offering. However, it is more convenient in practice to use the extended lists of criteria of Gabbott and Hogg, and Lovelock, Vandermerwe and Lewis, when considering whether or not a specific local government activity counts as a service.

2.4 Classifying local government activities as products or services

The present research uses three local government activities as case studies, namely the public library service, the environmental health service and the benefits service. The aim of the research is to investigate the nature of the relationships between the providers and the users of these services. Clearly it is

necessary at an early stage to establish that the three activities in question are indeed services, and not goods.

Kieron Walsh, one of the first to recognise that local government marketing cannot simply be approached using the same tools and methods as 'traditional' product marketing, likens services to dramas:

Services are social processes, produced, more like social dramas, not made like physical goods. Many of the analogies with the theatre hold ... It is easy to see the functions performed by service providers as roles, but they are roles ... peculiarly subject to conflict and ambiguity. The customer or consumer is frequently unaware of the script and the part that they must play in the service process. A major task in the service process is to manage the consumer and that means helping them to be aware of the script and the role they are playing.
(Walsh, 1989, p.68)

Within the local government marketing literature there is general agreement that what local councils do is to provide services (Beuret and Hall, 1998, p. 19; Chapman and Cowdell, 1998, p. 3; Lovelock, Vandermerwe and Lewis, 1999, p. 9; Walsh, 1989, p. 9; Zeithaml and Bitner, 2000, p. 3). This proposition is usually taken as read, and there are few, if any detailed examinations of the differences between services and products in the local government context. The claim that the three local government functions chosen for study in this research (library, environmental health and benefits) can be classified as services, using the extended lists of criteria outlined in the previous section, will now be briefly reviewed. All three of the selected services are routinely described as services within Barnet Council, which gives a strong indication of how they are perceived by their provider, but this alone is not sufficient to classify them as services in terms of marketing theory. A more rigorous investigation is required.

First, the Library Service. Although the books, videos and other items loaned by Barnet libraries are **tangible**, it can be argued that the fact that they are issued on loan, and not sold, means that the service itself resides in the loan arrangement rather than in the physical entities themselves. The loan transaction shows **inseparability** – the act of loaning involves simultaneous production and consumption. The service is also **heterogeneous**, in that each transaction is different – readers have very different requirements of the service. Finally, by the definition of a loan, the consumer does **not have ownership** of the items. It is concluded that libraries meet most of the criteria for being called a service.

Next the Environmental Health service. Part of its work consists of giving advice, part of taking regulatory or enforcement action, and part of carrying out tasks – such as pest control – on behalf of service users. All of these are **intangible** and **inseparable**, in the senses described above. Because of the advisory nature of much of the work, each service encounter is likely to be different from the next, hence the service is fundamentally **heterogeneous**. There is practically **no inventory** involved and service users find it **hard to evaluate** regulatory or enforcement activities directed against themselves, because their perceptions of the quality of regulatory services are coloured by the impact of the service itself². Thus this case too qualifies as a service.

² For example, an unpublished survey in 2000 of the “customers” of local planning decisions in the London Borough of Barnet found that those whose planning applications had been approved were twice as likely to declare themselves “very satisfied” or “satisfied” with the service, while those whose applications were rejected were twice as likely to be “dissatisfied” or “very dissatisfied”.

Finally the Benefit Service. Like the libraries this service gives its service users something they want and can touch – namely money. However, it is rare for actual cash transactions to take place; more often it is an electronic transfer of funds into a bank account, or perhaps the issuing of a paper order which can be cashed elsewhere, at a Post Office for example. The **intangibility** criterion is therefore questionable, and indeed so is the **inseparability** criterion. Production (of cash or an entitlement to receive cash) may be separated from consumption by a considerable distance and/or time. On the other hand, the **heterogeneity** criterion does apply, since the service deals with a very complex set of rules and regulations on the one hand, and a wide variety of people and personal circumstances on the other; few cases will be identical. The **time factor** is very important, since entitlement is only for a defined period, so that there is a very real sense in which the service is perishable. The customer does not **own** the service in any direct sense, although they do of course own the money which results from this service. At the same time it is notoriously difficult for untrained people to check whether they are in fact receiving their full entitlement to benefits payments, which makes the consumer's **evaluation** of the service very difficult. It is concluded that the Benefits Service is a service in marketing terms.

It has now been established that the three local government activities chosen as case studies for this research meet the criteria for being classified as services. The question of the extent to which these three services are representative of local government activities as a whole will be discussed in Chapter 7, where it will be argued that they are indeed representative.

2.5 Services marketing, service quality and relationship marketing

This section outlines the intimate connection between services marketing, service quality and relationship marketing (relationship marketing is discussed in more depth in Chapter 3). Grönroos argues that the new discipline of service marketing developed because the marketing mix paradigm fitted so badly (Grönroos, 1995, p. 252). Similarly, Gummesson observed that

It is time to acknowledge the service society in which we live and to shift from a goods-focused to a service-focused paradigm ... relationship marketing [leaves] industrial society behind and [welcomes] the service society. The core of relationship marketing is mutually beneficial and voluntary relationships where both supplier and customer remain satisfied ... relationship marketing is more often focused on one-to-one relationships and interaction, and less on impersonal mass marketing. *This is a consequence of the service society replacing the industrial mass product society.* (Gummesson, 1995, p. 251; original emphasis)

Relationship marketing has been characterised as a logical development of services marketing (Egan, 2001, p. 4; Gummesson, 1996, p. 32; Levitt, 1986, p. 121; Lovelock, 2001, p. 149). Services marketing and service quality have always been closely connected, and indeed services marketing and service quality are two of the roots of relationship marketing. As Berry explained

The reality of customers forming relationships with people rather than goods paves the way for relationship marketing ... A natural extension of the strong interest in service quality is growing interest in relationship marketing. The object of improving service quality, after all, is to engender customer loyalty. (Berry, 1995, p. 237)

The link between service quality and relationship quality in particular has been established by a number of writers. For example, Berry & Parasuraman

... service quality is important to customers ... the basis for competitive differentiation, the cornerstone of relationship marketing, the best way to compete on value rather than price,

and a key to internal marketing (just as internal marketing is a key to service quality). (Berry & Parasuraman, 1991, p. 186)

Similarly, Buttle quotes Storbacka, Strandvik and Grönroos (1994) on the causal chain from service quality to profitability:

service quality leads to customer satisfaction which leads to relationship strength, which leads to relationship longevity, which leads to customer relationship profitability.
(Buttle, 1996, p.10)

Unfortunately, the route to achieving service quality is anything but straightforward in the public sector. In particular, the public sector manager may actually be prevented from taking drastic action to improve quality:

Management of quality in the public sector is infinitely more difficult than in the private sector. Operational difficulties facing the quality orientated public sector manager include ... [the fact that] for statutory, political and/or social reasons, the option available to the private sector of withdrawing from adverse market segments is rarely feasible.
(Chaston, 1995, p. 428)

The research undertaken suggests that ... the drive for change [towards a quality management orientation] is still largely externally-driven, not internally-led ... first among [the changes required for effective quality management] is a requirement to focus on the customer, to be externally not internally oriented as an organisation.

In a nutshell, the problem is not the question being debated about whether one can identify who is the customer for a public service. The real issue is the willingness to focus on the customer or the end-user or beneficiary, and to develop services which are customer-led rather than service provider-led. (Speller and Ghobadian, 1993a, p.29 -32)

As to relationship marketing, while not restricted to the services sector, there is no doubt that this is where it has been most widely practised.

Services provided by banks, hotels and healthcare organisations are particularly suitable for relationship marketing initiatives because they supply multiple services deliverable over several contacts, in person. Because of their participation in the production of services, customers come

face to face with employees and are able to form an interpersonal relationship with the service provider. (Buttle, 1996, p.10)

This in itself is not surprising, since service firms, by the nature of their business have always been relationship oriented.

The nature of service businesses is relationship based ... There is always direct contact between a customer and the service firm. This contact makes it possible to create a relationship with a customer, if both parties are interested in such a way of doing business. (Grönroos, 1995, p. 252)

2.6 Service encounters

This section considers the concept of the 'service encounter', which is central to modern services marketing theory, and shows its relevance to local government service provision.

Despite the earlier distinction between products and services, the differences between the two may not matter that much after all, since as Zeithaml has pointed out

The primary objective of service producers will be identical to that of all marketers: to develop and provide offerings that satisfy consumer needs, thereby ensuring their own economic survival. (Zeithaml, 1981, p. 191).

However, the fact that two operations have the same goal does not mean that they have to use the same route to get there. There are real and crucial differences between the marketing of products and the marketing of services. In modern services marketing theory the most important of these is the concept of the 'service encounter', the place where

promises are kept or broken and where the proverbial rubber meets the road ... It is from these service encounters that customers build their perceptions.

(Zeithaml and Bitner, 2000, p. 85).

More generally, Czepiel et al. described service encounters as a form of human behaviour characterised

by their purposiveness, the motivation of the provider, and their ability to allow strangers to interact in a way that transcends the barriers of social status. (Czepiel et al., 1985, p. 14)

Carlzon (1987) referred to service encounters as “moments of truth”, a phrase which has been used ever since to epitomise the central importance of the encounter to services delivery and marketing³. Lovelock, Vandermerwe and Lewis stress the importance of the service encounter to the building of relationships with customers:

In all types of services, understanding and managing service encounters between customers and service personnel is central to creating satisfied customers who are willing to enter into long-term relationships with the service provider.
(Lovelock, Vandermerwe and Lewis, 1999, p. 63)

Gabbott & Hogg point out that each service encounter is likely to be unique

... each service encounter will be different by virtue of the participants, the time of performance or the circumstances. As a consequence each purchaser is likely to receive a different service experience. (Gabbott & Hogg, 1998, p. 28)

They also propose that the service encounter has five dimensions:

- temporal duration
- degree of customisation

³ Lovelock, Vandermerwe and Lewis attribute the use of this metaphor, borrowed from bullfighting, to Richard Normann (1978). The original ‘moment of truth’ was “the instant at which the [matador] deftly slays the bull with his sword” (Lovelock, Vandermerwe and Lewis, 1999, p. 56). The point for services marketing is that it is the life of the customer/provider *relationship* that is at stake at the moment of truth. However, unlike bullfighting, the objective for the service provider is to preserve this life, not destroy it.

- physical proximity
- degree of participation
- emotional engagement

which they say have “proved to be useful in exploring different perceptions among service providers and consumers” (Gabbott & Hogg, 1998, p. 75) and which are reflected in the service provider and customer questionnaires used later in this research (Chapter 7, p. 161).

Hume and McColl-Kennedy have pointed out that there are inconsistencies in the literature and a spurious interchangeability in the usage of the terms “service encounter”, “moments of truth” and “critical incidents⁴” (Hume and McColl-Kennedy, 1999, p. 5). In an attempt to clear up some of the inconsistencies Hume and McColl-Kennedy have put forward a three-fold classification of service encounters, which is relevant to the present investigation. They classify service encounters as being either “episodic”, “extended” or “continuous” (Hume and McColl-Kennedy, 1999, p. 4).

... for organisations that offer an episodic service encounter such as a restaurant encounter, the focus should be on the quality of service delivery and meeting the customer expectations to attempt to engender positive word-of-mouth and repeat purchase (Bitner, Booms and Mohr 1994). On the other hand, an extended service encounter, which includes the delivery of multiple services in a defined period such as an extended hotel stay, would require focus on a mix of relational and operational strategies (Bitner, Booms and Mohr 1994). Finally, continuous service encounter providers, as suggested by Singh (1991) and Bolton (1998), need to focus on mainly relational exchange attributes whilst ensuring adequate service delivery.
(Hume and McColl-Kennedy, 1999, p. 5).

⁴ This term was used first by Bitner, Booms and Tetreault (1990).

The implication of this classification for the present investigation is that services which are characterised by the first type of encounter (episodic) are not suitable for relationship marketing approaches; those characterised by the second (extended) might be to some extent; but only those services characterised by continuous service encounters can be considered appropriate for relationship marketing techniques. Given the essentially service nature of local government outputs, it will be helpful to categorise local government services. In practice local government services in general best fit the Hume and McColl-Kennedy definition of a continuous service encounter. There is an ongoing revenue stream (council tax) and an undefined service duration (both the Library Service and the Benefits Service have undefined durations, for example).

If the Hume and McColl-Kennedy classification of continuous service encounters is applied to the three particular services chosen as case studies for this research, it is clear that that Libraries qualify as a continuous service, because most library users use the service frequently and thus fulfil the Hume and McColl-Kennedy requirement of

many individual possibly episodic service encounters ... [and] ... multiple relational exchanges that could be defined as “moments of truth” or “critical incidents”.
(Hume and McColl-Kennedy, 1999, p. 4).

The Benefits Service provides financial assistance to its service users on a continuous basis, and thus qualifies as a continuous service. The Environmental Health Pest Control service on the other hand does not qualify, because most users take up this service on an episodic basis only – typically once a year, but not necessarily every year. The Hume and McColl-Kennedy categorisation of

these three services implies that different types of relationship between service providers and service users will be found in the three different services, which in turn suggests that one of the findings of the second research question (to investigate the nature of service provider/service user relationships across all local government services) will be that these relationships are not all of the same kind. The Hume and McColl-Kennedy classification also suggests that while relationship marketing might be appropriate for Libraries and Benefits, it may not be suitable for Environmental Health although the latter remains a service which has to be managed, delivered and marketed.

In summary, services marketing is the most appropriate form of local government marketing since it is responsible for the management, delivery and marketing of many of its activities to Council Tax payers and households and most of these activities are indeed services. The Hume and McColl-Kennedy categorisation of service encounters provides a useful framework to categorise local government services, and one category in particular (continuous service) is applicable to two out of the three proposed cases to be investigated. Furthermore, relationship marketing is appropriate for this category of service.

2.7 Marketing Taken for Granted Services

There is one category of services for which a distinctive set of marketing techniques has been developed. This is the “taken for granted” category, which is discussed in more detail in Chapter 6, p. 131. In brief, taken for granted services are those which are

delivered continuously and automatically ... taken-for-grantedness refers to the unconscious assumption that

someone or something will behave in the same manner as in the past, that they or it will always be there when needed ...
(Barnes and Barnes, 1995, p. 1)

The utilities are classic examples of taken for granted services, but the definition also fits local council activities, which makes it particularly relevant to this discussion about services marketing. Marketing taken for granted services poses particular problems, not least because the relationship between the parties is very one-sided. Barnes and Barnes (1995) draw on earlier work regarding five strategies typically used by married couples in maintaining and repairing their relationships (Dindia and Baxter, 1987) and apply it to marketing taken for granted services. The five strategies are shown in Table 2.1, based on Barnes and Barnes (1995).

Table 2.1 Strategies used by married couples to maintain and repair their relationships

Communicative	
Metacommunicative	talking about how to deal with the problem rather than about the problem itself
Prosocial	being especially nice and cheerful
Using ceremonies	commemoration and celebration of shared memories and old times
Togetherness	

However, the **metacommunicative** and **togetherness** strategies are not generally suitable for marketing taken-for-granted services, the first because the service users do not perceive that there is a “problem” to be discussed and the second

because there is no 'togetherness' between service provider and service user to build upon.

Communicative strategies on the other hand can deal with the impersonality of the taken-for-granted situation – so long as they are low-key, and not seen as a hard-sell, since this will destroy the element of trust which is an essential part of any relationship (Argyle and Henderson, 1984). Many local councils are already well aware of the importance of communication, although there is a tendency to use it for tactical rather than strategic purposes (May and Newman, 1999). The importance of communication can be gauged by May's (1996) finding that residents of the London Borough of Barnet regarded communication as the most important factor determining their overall assessment of the council's performance⁵. It was more important than actual performance at service delivery, over a range of commonly used or accessed services, and this association between perception of communication and overall assessment of performance persisted over the next six years.

A number of companies already use **prosocial** strategies, and concentrate on employee attitudes towards and behaviour with, customers. Personal contact is, by definition, scarce in taken-for-granted services; so getting the rare customer contact right becomes even more than usually important. This applies just as much to local councils as to the commercial sector, and indeed they are beginning to take up customer care as a concept. However,

⁵ In the absence of a commercial bottom line, opinion poll ratings of a council's performance are commonly used as an overall measure of success.

the biggest challenge to public sector bodies, generally, is the need to focus primarily on the customer, and to achieve significant changes in attitudes and behaviour of all staff. Local authorities need to become more customer-driven rather than service-driven. Such cultural change is going to be difficult to bring about because of, for example, the views about customers or recipients of services held by public service professionals.

(Speller and Ghobadian, 1993a, p.32)

and there is no evidence of any significant change since Speller and Ghobadian's observations in 1993. Nonetheless, the prosocial strategy is relevant to any marketing strategy for a taken for granted service.

Barnes and Barnes suggest that **ceremonies** can be used through advertising, stressing perhaps how long the supplier has been around, what contributions it has made to the community over that period and what it has in common with its customers. This would seem to be the most promising way forward for local authorities, since they often claim to be the embodiment of the local community (Cochrane, 1996; Gyford, Leach and Game, 1989; Parston, 1996; Walsh, 1989. For a contrary view, see Citizen's Charter, 1991; Held, 1992, cited in Cram and Richardson, 1994; Young, 1993).

2.8 Corporate branding

There is one further strategy that providers of taken-for-granted services might adopt. The marketing literature suggests that in addition to ceremonial, branding can be useful. There is however some confusion in the literature about brands and relationships. On the one hand, there is the suggestion that customers can develop a relationship with the brand, if not with the service provider. Barnes for example, comments that

companies such as ... public utilities might be better advised to form relationships between customers and their brands, rather than attempt to have their employees get closer to customers.
(Barnes, 1997, p. 237)

In addition, Sheth and Parvatiyar (1995) cite Jacoby and Kyner (1973) as arguing that brand loyalty is essentially a 'relational' phenomenon.

Similarly, Bogle argues that the electricity supply market (a classic taken-for-granted service) is evolving in the direction of the brand.

As the competitive energy markets follow along the path travelled by others in financial services and telecommunications, we believe that the key driving factors will increasingly be 'who', rather than 'what' or even 'how much'.
(Bogle, 1997, p. 17)

Cooper cites the work of Fournier on brand relationships, and concludes that "there are a number of strong and stable relationships which bind consumers and brands together, analogous to human relationships." (Cooper, 1999, p. 5)

On the other hand, Buttle (1996) describes customer loyalty as a new concept coming in to marketing, replacing brand loyalty. Perhaps the resolution of this confusion is "the fundamental axiom of relationship marketing" (Sheth and Parvatiyar, 1995, p. 256) which postulates that consumers like to reduce choices by engaging in an ongoing loyalty relationship with marketers. Whenever consumers make a commitment to one firm, product or service, they ipso facto "forgo the opportunity to choose another marketer or product and service that also meets their needs." (ibid.) In their quest for risk reduction, customers will develop a trust relationship with a brand. In the case of local councils there is the added difficulty that the corporate 'parent' may provide hundreds of different

services (see Chapter 1, p. 1) or ‘brand children’. Each of these services will have its own set of service users, and in addition there will be a wide range of other stakeholders, including elected Councillors, central government (which, confusingly, also has regional offices), quasi-autonomous inspection and regulatory agencies such as the Audit Commission, the media – both local and national – other statutory bodies providing local services and of course the “general public”, who pay for the whole operation and some of whom determine its overall direction by voting every four years. In the face of such bewildering diversity of both services and stakeholders there is a strong case for the adoption of a corporate brand to present a unified image to the public and to support the brand children. As Kitchen and Schulz put it

In today’s world, executives and managers at all levels ... must reach out and communicate not only with customers and consumers ... but also with various related and involved publics and stakeholders ... the corporation ... has become a brand that also needs to be “marketed”, or, put another way, communicated for, in our view, most marketing is communication and most communication is essentially marketing.
(Kitchen and Schulz, 2001, p. 5)

The corporate brand is not just there to identify the corporate parent in the eyes of the consumers. Ideally, each corporate⁶ will have a set of values which are perceived as being unique, or at any rate characteristic of that corporate. But this value set will not look the same to every single stakeholder, because the stakeholders will be looking for different things, and reacting differently to the same things, depending on their own particular perspective. In this situation it is crucial that the corporate recognises that

the power of a corporate brand will increase if various stakeholders perceive the same (or at least similar) basic values as crucial in

⁶ using the term to refer both to commercial companies and to local councils

their appreciation of the company. Consistency avoids contradictions, limits fragmentation, increases recognition of a company, resulting in a higher degree of familiarity and appreciation. (van Riel, 1997; original emphases)

One difficulty with adopting corporate branding as a strategy for the marketing of local government services is that it presupposes a much higher level of trust in the supplier than is commonly found in the context of local government (see the discussion in Chapter 5, p. 95). However, corporate branding need not be high profile. As Kitchen and Schulz (2001, p. 56) point out, there is a continuum of corporate branding strategies, ranging from the ‘uniformity model’, where the corporate level and the business units (or services in local government terms) are positioned and profiled identically, to the ‘variety model’, where all are positioned and profiled differently. There are four main categories along this continuum, relating to varying levels of endorsement of the business units (services) by the corporate parent (local council): “no endorsement, weak endorsement, medium endorsement, and strong endorsement” (Kitchen and Schulz, 2001, p. 56). Choosing the right level of endorsement is a complex business, and indeed in the context of local government the recommendation would be to adopt different levels of endorsement for different service/market combinations.

2.9 Internal marketing

Relationships come to the fore in the marketing not just of services, as already discussed, but also in “internal marketing”, or marketing to the employees on whom the delivery of the service or services depends (see for example Berry, 1995; Buttle, 1996; Christopher, Payne and Ballantyne, 1991; Dunmore, 2002;

Dunne and Barnes, 2000; Ewing, Caruana and Rivers, 1997; Hunt, 1994; Mitchell and Hayes, 1999; Reynoso and Moores, 1996). Varey and Lewis (1999) reviewed internal marketing and concluded that it should be viewed as internal relationship management, while Ind (2001) observes that

Engaging employees with the organisation's overall purpose is vital if organisations are to use the full intellectual capital at their disposal ... organisations are collections of people joined together in pursuit of a common cause, and it is people that create value.

It is vital therefore to get the relationships between staff and employing organisation right, and in particular to get them aligned with the external communications in a process of what Mitchell calls "two-way branding":

When employees live [the brand] vision [in their day to day activities] customers are much more likely to experience the company in a way that's consistent with what [the company] has promised. (Mitchell, 2002, p. 101).

It is especially important where the people element is a major component in what is actually delivered by the employing organisation, as is the case with services for example, since it can be argued that people only have relationships with other people, and not with abstract entities such as companies or councils.

2.10 Conclusions

The overall conclusion of this chapter is that relationship marketing should be applicable (albeit with some exceptions) in the local government context, because of the common factor of services: most local government activities are services, and relationship marketing has developed from services marketing. However, by definition there can be no relationship marketing if there are no relationships between service providers and service users – hence the primary

research question: what is the nature of relationships between service providers and service users in the context of local government in England.

It is also concluded that marketing campaigns for local councils would do well to major on communications, prosocial strategies (in the sense of developing customer contact skills amongst council employees) and the use of ceremonies to emphasise the important role of the council in local life. The use of corporate branding as the cornerstone of a marketing campaign for a diverse range of services is highlighted, and a distinction made between different levels of intensity of corporate branding. The importance of internal marketing is also emphasised.

The next chapter looks at four different theoretical perspectives on relationship marketing and finds that one of these perspectives might be applicable to the local government context after all.

Chapter 3: Defining Relationship Marketing

3.1 Introduction

Chapter 2 positioned relationship marketing within the theory of services marketing and drew the conclusion that relationship marketing could be applied to the local government context because most local government activities are services. It is time now to define more closely what is meant by relationship marketing. This chapter begins by considering which of three categories of relationship (business to business, person to business or interpersonal) is most applicable to local government. It then acknowledges that the concept of relationship marketing is an elusive one and considers four perspectives on relationship marketing put forward by Rowe and Barnes (1998). These perspectives are locking customers in, customer retention, database marketing, and building strong, close, positive relationships – such relationships being characterised by “mutuality” and “special status”. The chapter concludes that local councils identify most strongly with the fourth of these perspectives, and sets out certain criteria that an exclusively local government specific definition of relationship marketing would have to meet. It concludes that a slightly amended version of Berry and Parasuraman’s (1991) definition of relationship marketing is the most suitable in the context of this research.

3.2 Selecting a category of relationships to study

Relationship marketing has roots in three categories of relationship - business to business, interpersonal and person to business. In principle, any of these categories could be chosen for study in the local government context. Indeed, there is much research that could usefully be done into business to business type

relationships in the local government sector. Local authorities can be seen as organisations with huge turnover as was seen in Chapter 1, and they interact with other businesses in the local or regional area in a variety of ways. Sometimes they are customers of local suppliers, and sometimes they regulate local firms or grant or withhold planning permission. Business to business relationships do exist in the sector, but they tend to be at arms length, not close. Indeed local authorities are wary of close relationships with business for the most part, because of their concern that they might be accused of corruption if they develop close relationships with particular businesses. Regulatory activities could be categorised as business to business, but the relationship between regulator and regulated is a particular one, and directly affects only a relatively small number of individuals. In general, there are many fewer business to business relationships than other kinds in this sector.

Similarly, there is scope for investigation into the person to person interactions between members of the public and local government employees in their roles as social workers, planning officers or traffic wardens. While interpersonal relationships are possible, they are not that common in local government. It is only a handful of services that provide truly interpersonal services – social work for example. The caseloads in these services form only a small proportion of the activity of the authority, and of the population it serves.

It is the person to business category that is addressed in this research. This is because it is the most common relationship category in the local government context. Person to business is the most apt description of the majority of the

encounters which members of the public have with their local council. For example, it is safe to assume that in any given year practically every resident of the London Borough of Barnet will have made use of one or more of the council's services, since the range of services is so wide and all-embracing (see Chapter 1). Using a service provided by the council is not the same as making contact with the council – walking under a municipal street lamp can hardly be described as a contact with the council. However, the fact that 64 percent of Barnet's Citizens Panellists⁷, all of them by definition residents of the borough, reported contact with Barnet council about its services during a 12 month period in 1997/98 (May, 1998) indicates that the frequency of substantive contacts between council and residents is actually quite high⁸.

3.3 Four perspectives on relationship marketing

Relationship marketing is a broad church. Harker reviewed 117 sources in an attempt to pin down the essence of relationship marketing. He observes that "contributors to the development of relationship marketing theory are extremely varied, both in terms of socio-political heritage and academic background" (Harker, 1999, p. 13) and that consequently "the level of shared understanding between relationship marketing schools is low, reflecting the diverse origins of these theories" (Harker, 1999, p. 15). Similarly, Tzokas and Saren comment on the "elusiveness" of relationship marketing as a concept and the apparent inability of marketers and academics to agree on its content and boundaries (Tzokas and Saren, 2000, p. 2), and Egan "acknowledges that there is no

⁷ The Citizens Panel is described in Appendix 1

⁸ especially as this figure excludes contacts initiated by the council, and also incidental contacts such as saying "Good morning" to a refuse collector.

generally accepted definition” (Egan, 2001, p. 24) of relationship marketing.

Sheth and Parvatiyar observe that “Relationship marketing has been proliferated with many definitions and many programs” (Sheth and Parvatiyar, 2002, p. 10), and Palmer comments that

it is evident that there has been some semantic drift in the development of relationship marketing and the term relationship has itself often been used metaphorically to describe associations between two parties ... which would probably not be described as a relationship in a social context. (Palmer, 2002, p. 82)

Different authors have adopted different strategies for reducing this uncertainty over definition. This chapter adopts a strategy put forward by Rowe and Barnes to consider four perspectives on relationship marketing. This will lead to the adoption of one particular definition of relationship marketing, which fits both the theoretical and the empirical criteria that have been established. Rowe and Barnes (1998), building on Barnes’ earlier paper (Barnes, 1994), define

four perspectives of relationship marketing that have been discussed in the marketing literature in recent years and which are being touted as sources of long-term profitability for organisations. (Rowe and Barnes, 1998, p. 281)

These perspectives are: “ ‘locking in’ customers, customer retention, database marketing, and building strong, close, positive relationships.” (Rowe and Barnes, 1998, p. 281). They provide a useful framework for considering the wide range of definitions of relationship marketing and the appropriateness of each one to local government.

3.3.1 Perspective 1: Locking Customers In

When resources and capabilities are allocated to creating structural bonds between an organization and its customers that make it difficult for them to change organizations, customers are locked in, and become captive.

(Rowe and Barnes, 1998, p. 283)

Gummesson (1994a) memorably likened the locking in perspective of relationship marketing to the relationship between fisherman and fish:

Relationship marketing is often comprehended as a firmer grip on the customer, much like a fisherman's relationship to the fish; more sophisticated equipment and techniques make it less probable that the fish will get off the hook. Marketing then becomes a matter of trapping customers, to imprison them and even punish their escape. If buzzwords such as 'customer retention' and 'zero defection' are treated in the light of mere manipulation, the application of relationship marketing will not make a noteworthy contribution. Ideally relationship marketing assumes goodwill from all parties. In practice, however, power and smartness enter the scene. Relationships are seldom completely symmetrical; one party is often the stronger. (Gummesson, 1994a, p. 9).

Hunt (1994) also draws attention to this negative facet of relationship marketing practice:

relationship marketing requires effective co-operation engendered by relationship commitment and trust, and ... *such factors as power, conflict and opportunistic behaviour are attributes of relationship marketing failures.*

(Hunt, 1994, p.16. Emphasis added.)

The negative side of relationship marketing is exemplified by the use of an aggressive, hunting or military metaphor. For example, Larson's comment that "Relationship marketing [is] perhaps the single most important key to *capturing* and winning the loyalty of the customer." (Larson, 1996, p. 33; emphasis added), or Zeithaml's much earlier usage of the same metaphor:

Brand loyalty can be a two-edged sword. Retaining one's own customers may be easy, but *capturing* those of a competitor will be correspondingly difficult.
(Zeithaml, 1981, p. 197; emphasis added)

3.3.1.1 Perspective 1, sub-perspective 1: “True” loyalty

The concept of loyalty is very important in relationship marketing, in the contexts of both “true” loyalty and also “false” loyalty. True loyalty is seen as the acid test of a marketing relationship: “The existence of a genuine relationship implies concern, appreciation, loyalty and trust” (Barnes & Barnes, 1995, p. 1).

Similarly Sheth and Parvatiyar postulated that

the fundamental axiom of relationship marketing [is that] ... consumers like to reduce choices by engaging in an ongoing loyalty relationship with marketers ... [whenever they make a commitment to one firm, product or service, they ipso facto] forgo the opportunity to choose another marketer or product and service that also meets their needs.
(Sheth and Parvatiyar, 1995, p. 256)

In the local government context Chaston (1995) rather surprisingly cites the argument that the most critical issue in services management is sustaining customer loyalty through ensuring delivery of service quality superior to that offered by the competition. Although this linkage of quality to loyalty is rather far fetched, given the captive nature of most local government markets, it has been accepted for some time that local councils are emphasising quality management (see for example Speller and Ghobadian, 1993a, 1993b). Loyalty is also one of the three responses to decline in firms, organisations and states described by Hirschman. (The other two are ‘Exit’ and ‘Voice’). Stewart and Butler (1994) applied Hirschman’s model to customer relationships, suggesting that Exit translates as customer defection, Voice as customer complaints and Loyalty as customer retention. Hirschman’s model suggests that Exit will be the

normal response to dissatisfaction with a product or service, while Loyalty is that “special attachment to an organisation” which is indicated when the member speaks possessively of the organisation – my church, my party, and so on. (Hirschman, 1970, cited in Stewart and Butler, 1994, p. 2). Barnes (1994, p. 565) also points out that no relationship exists until the customer takes ownership in the marketing company to the point where he or she begins to refer to it as “my bank” or “my supermarket”, like “my doctor” or “my lawyer”. Unfortunately Exit is not always an option, particularly if the supplier of the service has a monopoly – as is the case with many, though not all, local council services. When this occurs there is the possibility that what looks like True loyalty is in fact something else.

3.3.1.2 Perspective 1, sub-perspective 2: “False” loyalty

This is the negative side of loyalty, one that is closely connected to the locking-in perspective on relationship marketing:

As evidenced by the prevalence of loyalty programmes and other such behaviour-based initiatives, it appears that many view the process of ‘relationship’ formation as something akin to a stimulus-response function.
(Barnes and Howlett, 1998, p. 15)

Jones and Sasser (1995) describe a customer type which they term “hostages” – those who score low on satisfaction with a service but high on loyalty to it, simply because they cannot move anywhere else. They also distinguish between ‘false loyalty’ and ‘true loyalty’. From the provider’s point of view, true long-term loyalty is preferable. If their service users are only there because they are bound in to a contract, or because the provider has a monopoly position or

imposes high switching costs, then their loyalty may be false⁹. But is making it difficult for a customer to switch suppliers really what relationship marketing is all about? Isn't this a rather one-sided view of relationships? Or does the 'lock-in' mark a step along the road to genuine partnering? As Barnes argues, locking in omits any reference to

the deeper feelings which are generally associated with other human relationships ... what often passes as a relationship, therefore, is really a pseudo-relationship in that it is one-sided, with customers kept in the relationship against their will, locked in to dealing with a supplier because the costs of leaving the relationship are perceived to be too high.
(Barnes, 1994, p. 565)

As such, a locked in (or 'falsely loyal') customer is not a dependable one, and cannot be counted on for future business. As soon as the cost of a competitive product or service drops to the level of the cost of switching from the original supplier the locked in customer will defect, often with dramatic results such as the case of IBM (Rowe and Barnes, 1998, p. 289). In the local government context the question of a cheaper competitor is not usually relevant, but there are other ways in which a dissatisfied customer can hurt a local council that fails to perform satisfactorily. These come under the heading of Voice and include voting out the ruling party (albeit only once every four years in most circumstances), complaints to the local paper, protests and demonstrations and reference to the District Auditor¹⁰ who has the power to impose penalties on individual councillors and officers that can include fines and even imprisonment.

⁹ The concept of 'false loyalty' is dealt with in more depth in the discussion of the contractual model of a relationship in Chapter 6.

¹⁰ An independent official with sweeping powers to inspect and if need be overrule any local council.

While it may appear that local voters are effectively locked in to a relationship with their local council, history has shown repeatedly that politicians who behave as if their electorate is truly captive will pay the price in the end. Locking in is not a strategy with anything to recommend it and accordingly this perspective can be rejected.

3.3.2 Perspective 2: Customer Retention

The economic case for relationship marketing hinges on the benefits of customer retention. Reichheld and Sasser (1990), in a frequently quoted case study, found that in the credit card business “a 10 percent reduction in unit costs is financially equivalent to a 2 percent decrease in defection rate.” (Reichheld and Sasser, 1990, p. 108). Reichheld also found that at one credit card company a 5% increase in retention grew the company's profit by 60% by the fifth year (Reichheld, 1993). This emphasis on retaining existing customers as a preferable strategy to acquiring new ones is in fact one of the key features of relationship marketing, not least because of the supposed financial differences between customer retention and customer acquisition, the latter being estimated to be between five and ten times more costly than the former (Gummesson, 1999, p. 183). Christopher & McDonald suggest that

even a relatively small improvement in the customer retention rate (measured as the percentage of retained business from one period to another) can have a marked impact on profitability. They [Bain and Company] suggest that, on average, an improvement of five percentage points in customer retention can lead to profit improvements of between 25 percent and 85 percent in the net present value of the future flow of earnings. (Christopher & McDonald, 1995, p. 269)

The economic importance of customer retention has long been recognised, of course. Berry observed that

Many service firms fail to spend enough time and effort on protecting the customer base, by hanging on to the customers they have already got, preferring to attract new customers.
(Berry, 1983, p. 25)

Not that the message was universally adopted, since 12 years later he was writing that

Until recently marketing's focus was ACQUIRING customers. Formally marketing to existing customers to secure their loyalty was not a top priority of most businesses ...
(Berry, 1995, p. 236; original emphasis)

Christopher, Payne and Ballantyne had made much the same point a few years earlier:

Marketing has as its concern the dual focus of getting and keeping customers. Traditionally, much of the emphasis of marketing has been directed towards the 'getting' of customers rather than the keeping of them. Relationship Marketing aims to close this loop.
(Christopher, Payne and Ballantyne, 1991, p. 4)

Some firms did get the point however. The Britannia Building Society, speaking of the financial services industry as a whole, admitted that

For too long, as an industry, we have concentrated on attracting new borrowers with discounts and cash-backs. Current members are equally important to us. Targeting new customers alone does nothing to promote long-term relationships.
(Britannia, 1998, p.5)

Retention is not the same as locking in, despite the apparent common emphasis on maximising profits from a captive group of customers. The crucial difference is the voluntary nature of the customer longevity that is the goal of customer retention, as highlighted by Berry and Parasuraman:

For most services, existing customers represent by far the best opportunities for profit growth. If customers have an ongoing or periodic desire for a service and can obtain the service from

more than one source, then no marketing concept will be more important in the firm than relationship marketing. *Relationship marketing concerns attracting, developing and retaining customer relationships*. Its central tenet is the creation of 'true customers' - customers who are glad they selected a firm, who perceive they are receiving value and feel valued, who are likely to buy additional services from the firm, and who are unlikely to defect to a competitor.
(Berry and Parasuraman, 1991, p.133; original emphasis)

The aim of customer retention is to secure profits over the longer term. Retaining customers is more profitable in the long term than replacing customers as they leave. However, this leaves open the question of which customers to retain, and which to let go, since they will not all be equally profitable. Once the decision has been made to retain (certain) customers, the question is how to do so. In the customer retention perspective on relationship marketing the answer is clear: build relationships with them, as Larson, Palmer and Christopher and McDonald have observed: "Relationship marketing [is] perhaps the single most important key to capturing and winning the loyalty of the customer." (Larson, 1996, p. 33)

For suppliers, development of strong relationships can help facilitate loyalty in the face of competition from other brands. In a highly competitive market suppliers may only be able to attract new customers at great expense, so retaining existing customers is more profitable. (Palmer, 1994, p.573)

The recognition that customer retention is a key concern of everyone within the business will eventually lead to a much sharper focus on the process of building long-term relationships with customers. Nothing less should be accepted as the ultimate goal of marketing strategy. (Christopher & McDonald, 1995, p.280)

Egan has summarised the arguments against pursuing a relationship building strategy based on unprovable assumptions about lifetime profitability, and uncertainty about true acquisition costs (Egan, 2001, p. 71). While the economic arguments behind relationship building for customer retention are often deployed in the commercial sector, these objections notwithstanding, it is difficult to apply

them to the local government context because the economic connection between the council tax payer and the service user is far from direct or straightforward. Thus as far as the local government context is concerned this perspective on relationship marketing is not appropriate.

3.3.3 Perspective 3: Database Marketing and CRM (Customer Relationship Management)

Gordon (1998, p. 4) describes database marketing (DbM) as the engine that enables relationship marketing. Tapp (1998, p. 6) emphasises the considerable overlap between relationship marketing and database marketing on the one hand, and direct marketing (DM) on the other. Chaffey et al (2000, p. 290) suggest that relationship marketing, DbM and DM are converging to create a powerful new marketing paradigm, which can be called CRM, or Customer Relationship

Management. Holness has defined CRM in these terms:

Central to the idea of CRM is the concept of treating each customer as an individual and using the knowledge a company has of a customer to talk sensibly to them, communicating offers they are likely to be interested in and not wasting their time with offers which don't meet their needs. This knowledge is held, in an ideal world, on one centralised database, which anyone in the company can interrogate for their own department's ends.
(Holness, 2000, p. vi)

Egan comments that

Nothing so far has differentiated the objectives of CRM from those of relationship marketing (or indeed DM and DbM) other than the confidence of its promoters to deliver the results
(Egan, 2001, p. 197)

Not all writers agree with the identification of CRM and database marketing.

Buttle asserts that CRM is becoming standard terminology, replacing "what is widely perceived to be a misleadingly narrow term, relationship marketing"

(Buttle, 2000, p. 2). The basis for this assertion is that there is more to creating and delivering value to customers than marketing alone. All other aspects of the firm are also essential. In this view, the relationship between customer and supplier is still important, and more appropriate than a purely transaction oriented approach, but the relationship alone is not enough and needs to be supported by other things - such as analysis of the life-time value of the customer, customer service, operations management, human resources and credit control.

Opposed to this holistic view, it has been argued that the rapidly developing technology available for the collection and collation of huge amounts of data about individual customers has created “a primarily practice-based and consultant-driven literature on managing customer relationships through databases” (Möller and Halinen, 2000, p. 33). An example of this is the electronic forum for the promotion and discussion of CRM that was established in 1997 (<http://www.crm-forum.com>). The forum has a mix of academic and practitioner contributions, but perhaps its most distinctive feature is the range of advertisements and other contributions from the manufacturers and distributors of CRM software. A brief examination of the advertisements themselves strongly suggests that CRM in this context actually means database marketing. It is interesting to note that very recent editorials on this website have promoted the relevance and usefulness of CRM to the public sector, although it has to be said that their examples to date are mostly national government departments and quangos rather than local councils (<http://www.crm-forum.com/item/90641/345/701/27d16F33/4134>). The database perspective on

Relationship Marketing does seem to be winning the battle in the marketplace, if not necessarily in the academy. Hunter cites the Aberdeen Group's forecast that revenues from CRM could top \$14 billion in 2001 (Hunter, 2000, p. 3) and the Hewson Group's forecast of over \$1.3 billion in Europe alone in 2000 (Hunter, 2000, p. 3). By contrast, no-one appears to be forecasting revenues attributable to relationship marketing alone. Indeed Hunter takes this strand of argument to its logical conclusion, and advocates dropping the 'R' in 'CRM' and focussing instead on the business of Customer Management (CM). Although IT is fundamental to successful implementation of CM, "CM is a strategy not a technology" (Hunter, 2000, p. 12) and the people element is crucial to success. Nonetheless, IT is necessary as a facilitator to provide the kind of responsiveness to individual needs which is regarded as essential for successful Customer Management. It can be concluded that despite the rhetoric of relationships, CRM in practice is essentially about using technology and not about building interpersonal relationships¹¹. For this reason the third perspective must also be rejected.

3.3.4 Perspective 4: Building strong, close, positive relationships

Rowe and Barnes' fourth perspective is the building of strong, close, positive relationships. They argue that such relationships have two aspects that are missing from the previous three: "mutuality and special status" (Rowe and Barnes, 1998, p. 284). All three of their other perspectives described above are "oriented in one way – from the organisation to the customer" (Rowe and Barnes, 1998, p. 284), which is why they fail to meet the tests of mutuality and

¹¹ although Gummeson (2002, p. 52) points out that it needn't be like this and that the technology can be used to drive the building of relationships with individuals.

special status. It is not necessary to embrace Gummesson's vision of "life itself and society ... as networks of relationships within which interaction takes place" (Gummesson, 2002, p. 55) in its entirety in order to agree with Rowe and Barnes (after Czepiel, 1990) that

a marketplace-based relationship must be based on the mutual recognition of a special status between two partners in an exchange. This means that for a relationship to exist it must be acknowledged to exist by both partners. In addition, it means that a relationship does not merely imply some level of contact but a special status in the minds of the partners. (Rowe and Barnes, 1998, p. 284).

Rowe and Barnes go on to argue that only a strong, close, positive relationship built on the concepts of mutuality and special status has the potential¹² to lead to a sustained competitive advantage (Rowe and Barnes, 1998, p. 292).

A service organisation such as a local council claims to have a higher purpose in life than its own economic enrichment. As such, it would expect to operate in the territory staked out by Rowe and Barnes' fourth perspective – putting the customer first:

the prime motivating force [in the first three perspectives] is to benefit the organisation, while in the last perspective the motivation is to benefit consumers. (Rowe and Barnes, 1998, p. 284)

It is concluded that it is the fourth of Rowe and Barnes' perspectives that is the most suitable for the present purpose.

¹² Although the potential alone is not enough, and can only be realised if it is accompanied by 'above average' performance (Rowe and Barnes, 1998, p. 295)

3.4 An alternative view of the development of relationship marketing

Vandermerwe (1993, p. 51 - 53) describes the closing of the gap between producers and consumers in terms of four stages in customer relationships. In the '60s relationships were mostly 'transactional', and the goal was to sell as many 'things' as possible. In the 70's a more 'relational' approach began to catch on, when marketing began seeking a better understanding of markets and strategies to satisfy customers more fully. The next stage, characterising the 1980s, was the interactive relationship. This stemmed from the recognition that an investment in customers was the most important investment a company could make. Customers and firms could not be separated, because they were part of the same process. Relationships were made up of a series of encounters with customers at many levels in the organisation. If any of these interactions were badly handled, no marketing - however professional, no product or service - however good - could save a firm from ultimate oblivion. Finally, in the late 80s and the 90s, comes the development of connective relationships, meaning "doing things not only for but also with customers". In other words 'Partnering', a term "intended to convey an end to the distancing between corporations and their customers. It implied collaboration."

Barnet Council's goal, enshrined in its mission statement, is 'to put the customer first', which can readily be equated with Rowe and Barnes' fourth perspective. Similarly there appears to be an obvious connection between Barnet's goal and Vandermerwe's 'connective relationship'. Therefore the eventual definition of relationship marketing for the purposes of this study will need to exhibit features of both.

3.5 Towards a definition of relationship marketing in the context of local government

It is proposed that there are two criteria that any definition of relationship marketing in the context of local government will have to meet: mutuality and special status. Given the self-image of local councils as servants of the community, democratically elected to carry out the wishes of the local populace, any definition of relationship marketing that is intended to apply to local councils must fall within Rowe and Barnes' fourth perspective and should also meet Vandermerwe's definition of a connective relationship. There must, in other words, be mutuality and special status. Grönroos' (1990) definition meets the mutuality criterion:

Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.
(Grönroos, 1990, p. 138)

Similarly, O'Malley, Patterson and Evans' definition meets the mutuality criterion but not the second:

relationship marketing involves the identification, specification, initiation, maintenance and (where appropriate) dissolution of long-term relationships with key customers and other parties, through mutual exchange, fulfilment of promises and adherence to relationship norms in order to satisfy the objectives and enhance the experience of the parties concerned. (O'Malley, Patterson and Evans, 1997, p. 542)

The idea of special status, as well as mutuality, is to be found in Berry and Parasuraman's 1991 definition of relationship marketing, already cited. This definition also accords with empirical work by Morris, Brunyee and Page, who found that:

... relationships in practice are more than simple customer retention programmes, but less than full-fledged collaborative partnerships. They are not approached systematically, involve little in the way of non-retrievable investments, and have resulted in only modest infrastructure change (e.g. in policies, systems, organisational design) on the seller or the buyer sides. (Morris, Brunyee and Page, 1998, p. 369)

Indeed both theoretical and empirical studies seem to agree that the reality of relationship marketing is not quite as far advanced down the “special status” road as some have suggested:

Marketing managers appear to be adopting a go-slow approach [to relationship marketing] and this caution may reflect a better understanding of market-place realities than that held by academics.

(Morris, Brunyee and Page, 1998, p. 370)

If special status is not as strong a requirement as mutuality, then a shortened form of the Berry and Parasuraman definition of relationship marketing cited earlier in this chapter can be adopted:

... Relationship marketing concerns attracting, developing and retaining customer relationships. Its central tenet is the creation of 'true customers' ...

The drawback with this definition is that it employs the language of the commercial marketplace, which are not appropriate to the local government context. However, this need not be a major obstacle. If it is found that relationship marketing can be applied in the local government context it will not be difficult to alter the language of the Berry and Parasuraman definition, and to replace “customer” by “service user” for example. (Some other consequential changes of wording would also be required in this case, but these will not be pursued here.)

This chapter has interrogated Rowe and Barnes' (1998) four perspectives on relationship marketing and identified one that is appropriate to local government. Additionally Berry and Parasuraman's (1991) definition of relationship marketing can be adapted for this study. In terms of the primary research question this chapter appears to provide support to the conclusion reached in chapter 2, namely that relationship marketing may be applicable to local government, but overall a clear-cut answer to that research question has not yet been attained. The next chapter looks more closely at local government, the subject of this investigation, and discusses the potential for the development of relationships between the providers of local government services and the local citizens and taxpayers who use those services.

Chapter 4: Relationships in the context of local government

4.1 Introduction

The previous chapters established that services marketing and by derivation relationship marketing should theoretically be applicable to local government and defined relationship marketing more closely. This chapter investigates whether the necessary precondition for the application of relationship marketing, namely relationships between service providers and service users, exists in the context of local government. Local government literature is reviewed, and in particular the history of local government in England over the last two centuries, to explain how the present structure was arrived at and why there are two major tensions in the evolution of local government in England, namely 'function versus structure' and 'partner versus agent'. These tensions are particularly important because, it is argued, they both militate against the development of relationships between local councils and their citizens. The 'managerial perspective' of local government is also discussed, and it is shown that this has reinforced the public perception of local councils as mere agents of the centre, lacking real autonomy, which in turn diminishes the likelihood of a relationship developing between council and citizen. The chapter draws attention to an apparent lack of interest in local democracy, as evidenced by turnouts at local elections, and makes the point that this too militates against relationship formation.

Local government is distinguished by the distinction between 'governance', government and citizens, and it is this that leads to the formulation of the first research hypothesis:

There is a distinctive relationship which is found exclusively in the local government context (H1).

The final part of the chapter concentrates on the development of London local government in particular, since Barnet is a London Borough. It shows how the development of local government in London fits into, indeed exemplifies, the broader national picture and this discussion leads to the generation of the second research hypothesis:

Users of council services do not have any relationship with their council.
(H.2)

4.2 The evolution of local government

There have been two major tensions determining the evolution of local government in England over the last hundred years or so, namely “function versus structure” and “partner versus agent”. These tensions have resulted in a complex and fragmented situation in which no-one, neither central nor local government, and certainly not the ordinary service user, can be entirely sure of the role and responsibility of the local council in respect of local services. It is argued that this kind of confusion and ambiguity militates a priori against the formation of a meaningful relationship between service provider and service user, and that therefore there are theoretical reasons why relationship marketing may not be applicable to local government, despite it being a service industry.

4.2.1 Function versus Structure

The first major tension determining the evolution of local government in England is that between function and structure. The functions of local councils are

constantly changing, but changes to their structure, which would enable them to carry out their functions efficiently, have lagged a long way behind the changes in function and in some cases have not been linked at all to these changes. At the end of the 19th century the structure of local government in England and Wales consisted of a patchwork of seven types of council:

- county councils (much as they are today, but with different powers)
 - county boroughs (all purpose authorities; cities or large towns)
 - non county borough councils (medium sized towns)
 - urban district councils (small towns)
 - rural district councils (rural areas with several villages in them)
 - parish councils (the most basic, local unit of all. Typically there would have been several parish councils in each rural district)
 - and, in the capital, the London County Council (which formed a class of its own)
- (Byrne, 2000, Appendix 2)

Depending on where they lived, residents might receive services from, and be regulated by three different tiers of local government (parish, district, county) or by just one tier (county borough). This patchwork of government owed nothing to a rational division of powers and everything to history, even mediaeval history in the case of the parish councils. When change occurred, it was late and grudging: the county boroughs, for example, although of great importance in terms of functions, were a creation of the late 19th century, in belated recognition of the fact that major towns and cities were dominating their rural hinterland in the counties, and not the other way about. Even then only 61 county boroughs were created, and the rest of the country outside London had to continue under three tiers of local government. Consequently some towns found themselves able to run their own affairs, while others had to share responsibility with other tiers of government – an arrangement that owed little to logic or the principles of sound administration, and a lot to the mutual antagonism which has been

described as the “fissure between countryside and town which [was] built into the nineteenth century settlement.” (Young and Rao, 1997, p. 12).

Local government retained this structure, essentially unchanged, until the 1970s. Even the Second World War did not change things, despite exposing the structural weaknesses of the late 19th century arrangements. The large scale bombing of cities and towns during the early years of the war exposed both the inability of local services to cope without the assistance of their neighbours, and the absence of any system of co-operation between them. A regional system of mutual assistance was in fact set up, but it had very limited powers and it was not pursued after the end of the war. Instead, a government review recommended what would nowadays be called ‘unitary authorities’, i.e. councils that discharge all local government functions in their areas, not just some of them¹³.

Efficiency of administration, suggesting that county boroughs or some other form of unitary authority, should administer large areas, now came up against local politics, because the counties understood the plan to be that the boroughs should take over the counties which surrounded them. A coalition of interests, including the existing local authorities and also the Ministry of Health (which had taken over responsibility for local government from the Local Government Board in 1919) saw these proposals off, and the status quo was – give or take a boundary change between boroughs and counties – preserved (Young and Rao, 1997, p. 23 – 33). Local politics, and the state of the parties in different tiers of

¹³ The London Borough of Barnet, where the empirical research for this thesis was carried out, is one of these unitary authorities, as are all London Boroughs.

local government¹⁴, had won the day over managerialism and efficiency. Sporadic attempts were made subsequently to improve the efficiency of local government by proposing changes to its structure, but these came to nothing (Young and Rao, 1997, p. 87 – 109). One, doubtless unintended, consequence was that the functions of the local council varied from place to place, perpetuating a state of confusion which still survives to the present day. Another consequence was that the structure of local government also varied from place to place, but in no kind of logical relationship to the functions of government which the different components of local government were (and are) expected to discharge.

As to the functions themselves, over the course of the 20th century many functions came and went from local government control. In the early part of the century

... the county boroughs of England owned and ran hospitals, gas works, tramcars and buses, waterworks and abattoirs. They paid “local assistance¹⁵” to the unemployed and controlled both the police and the fire service. In those days, city councillors had real power. (Hattersley, 2002, p. 12)

At the height of their power local councils assumed responsibility for owning and running power stations, polytechnics (later to become universities), harbours and even airports, in addition to the more ‘traditional’ services such as highway maintenance, schools and the provision of council housing. However they subsequently lost all these ‘non-traditional’ functions, and many others besides,

¹⁴ Crudely, the towns and cities were more likely to vote Labour, and the counties to vote Conservative.

¹⁵ A forerunner of today’s Income Support.

to other bodies. At no time during the century was any overt move made to link functions to structure – the two considerations proceeded along parallel tracks. If citizens cannot be sure which body is responsible for delivering which service then the resulting confusion militates against the formation of relationships between them and their councils.

4.2.2 Partner versus Agent

The second major tension determining the evolution of local government in England is ‘partner vs. agent’. The crux of the issue is whether local councils are to be regarded as partners with central government in the delivery of services, or as agents of the centre, with little or no freedom to take their own decisions. It is argued that relationships between service users and service providers will be very different if the provider is perceived as simply an agent lacking in autonomy.

A partner, in government as anywhere else, is someone with whom one shares responsibility. Partnerships do not have to be equal, but there is an expectation that there will be a degree of mutual respect and trust and that the partners will be allowed to operate autonomously to some extent. An agent, on the other hand, is someone to whom responsibility is delegated with little or no autonomy. An agent does not decide policy, the principal does. In the context of central/local government relations the agent simply delivers those services which the centre has judged it expedient to provide through a branch network rather than centrally.

Both interpretations (partners or principal and agent) of the respective roles of central and local government are tenable, although the historical trend since the Second World War has been almost entirely in the direction of principal and agent:

Under [Prime Minister] Atlee [in 1945] local government was the most important single agent of social reconstruction, playing a crucial role in the development of social policy within the overall framework of the Welfare State. Under [Prime Minister] Major [fifty years later] the picture was to be very different. Local authorities have lost their pre-eminence in the delivery of local services. Equally importantly they no longer receive the political deference – the respect of ministers and that of the ordinary people – that sustained their former position in the machinery of the state ... the result has been a continuing decline in the standing of local government, from Attlee's partner to Major's agent.
(Young and Rao, 1997, p. 2)

The decline of local government as a significant part of political life has also been noticed by a House of Commons Select Committee

Recommendation (paragraph 94):

We believe that the decline of local government, which has been taking place since [the] 1940s, should be reversed. We believe that if this does not happen local government will simply be reduced to local administration.

(House of Commons: Environment, Transport and Regional Affairs Select Committee, 1999)

In terms of the partner/agent dichotomy “administration” can be interpreted as meaning agency status – the role of local government is simply that of local delivery service for policies and services that are determined, (largely) funded and regulated nationally. From one perspective the shift and downgrading of the role of the local council was inevitable, and even justifiable. The key lies in the term “service delivery”. If local councils are no more than vehicles for delivering services, to standards which increasingly are determined nationally, then the partner/agent argument is effectively over: local councils are perceived as the

agents of the centre in the delivery of socially desirable services, which they must do to standards set by the centre. They have become “branch offices”.

Service provision is seen as local government’s prime purpose and local government’s role and functions are seen as an ad hoc development within British Government.
(Jones and Travers, 1996, p. 102)

It is of course possible for customers to develop relationships with the staff of a branch office, but it is argued that if this happens it is at a very personal level, so that the relationship is with one or more individuals rather than with the organisation as a whole. It is concluded that the evolution of local government into the agent of the centre greatly reduces the possibility of meaningful relationships developing between local service users and the providers of those services. This is reinforced by the absence in most cases of direct and specific payments for services, which are financed instead out of a general local tax – the Council Tax.

4.2.2.1 Financial accountability

The partner/agent dilemma also manifested itself in the crucial area of local government finance. Since Elizabethan times local councils have had the power to levy a local property tax, known for historical reasons as “rates”. This anachronistic system of local taxation had remained essentially unchanged since 1601, and had compounded all the other tensions between centre and locality. The regressive nature of rates, whereby the tax bore disproportionately harder on the poor than the rich, had been officially recognised as early as 1901 (Royal Commission on Local Taxation, 1901, Final Report).

For the next 70 years or so various experts and committees examined the issue, but kept stumbling over one important fact: any local tax that was based on individuals' income or wealth would inevitably lead to the richer areas of the country having better financed local government (and hence, presumably, better local services) than their poorer counterparts. This was not acceptable on grounds of equity. Neither, since local councils by the middle of the 20th century were seen as the main agents for delivering the new welfare state, was it acceptable that the universality of provision that was a fundamental plank of the welfare state should be subject to the arbitrary nature of local tax raising capacity.

The Layfield Committee's report of 1976 declared that a choice had to be made between local tax and local accountability, or central tax and central accountability. In essence the debate revolved around the deceptively simple question: "what are the rates for?" Are they a local tax that is levied by the local council at whatever level it chooses, or are they payment for locally provided services – in which case they should presumably reflect to some degree the amount of those services that individual householders consume? Layfield opted for the latter interpretation, and this line of thought led to the introduction of the so-called Poll Tax (for which the official name was actually the 'community charge'), which was to demonstrate the capacity of local government finance to cause political mayhem by unseating the 20th century's longest serving prime minister, Margaret Thatcher. The idea behind the Poll Tax was that it was unfair that some people paid no rates, but consumed a lot of council services¹⁶, while

¹⁶ In reality these were mostly welfare state services rather than locally controlled ones, but the distinction was lost on most people.

others paid high rates and received very few services in return. Under the Poll Tax everyone would pay something. Introduced in 1990, the Poll Tax was superseded by the Council Tax in 1993, a hybrid system that was partly based on property values (like the old rates) and partly on per capita taxation (like the Poll Tax). A refined version of the Council Tax is in force today (2003), along with a property tax, the National Non Domestic Rate, levied on business premises. But this is far from being a final resolution of the central or local tax dilemma, since the Council Tax is set locally (albeit subject to various capping arrangements imposed by the centre¹⁷) while the National Non Domestic Rate, the local tax levied on businesses, despite contributing to local finances is not local at all but is set at a level determined by central government.

Thus there is confusion even over the apparently simple question of what local taxes are for, and who sets them. It is argued from this that if the service user (the term 'customer' hardly seems appropriate in a situation where the relationship between payment and service level is so tenuous) can see little or no relationship between what is paid and the amount and quality of service received it is unrealistic to expect a relationship to develop.

4.3 The managerial perspective

One of the consequences of agent status can be that the attention of the principal tends to focus on the managerial qualities displayed by the agent. Economists

¹⁷ Not everyone was happy to accept the "centralising implications of the rate-capping legislation [which] caused ex-Prime Minister Edward Heath to vote against his Conservative party and defy a three line whip ... the [only] Prime Minister [in the 20th] century to do this" (Byrne, 2000, p. p. 554).

have written of the “moral hazard” which can attend any principal-agent relationship:

[moral hazard arises] if [an agent’s] actions are not freely observable. Individuals will engage in opportunistic behaviour – shirking, cheating, not advancing the interest of the principal ... [which behaviour can be controlled by] monitoring ... [and] explicit incentive contracts [where the compensation is based on] observable outcome measures rather than on unobservable input ones. (Michigan State University, 2002)

Whether or not local councils would ever deliberately cheat or defraud central government is debatable, but the point is that the centre has come to behave as if it were the principal, and the local council the agent, in a classical principal-agent relationship. A whole panoply of outcome measures is in place, and cash incentives are available to those councils that meet government targets. The autonomy of partnership has been removed and replaced by branch manager status. Councils are now judged on their ability to manage the government agenda and measured by centrally determined performance indicators, so that it is not surprising that central government views local councils as glorified branch offices. Neither is it surprising if the service users, who are the customers for these branch offices, come to share that view as well. Indeed it is argued that this emphasis on the managerial perspective reinforces the partner/agent argument earlier in this chapter and diminishes the chances of a relationship developing. Evidence is now presented from two viewpoints for the rise of the managerial perspective: management quality and market discipline.

4.3.1 Management quality

Principals have every right to concern themselves with the quality of their agents, and it was with this in mind that a new orthodoxy began to develop in the 1960s, concerning the allegedly poor quality of local government management.

Parliament, Ministers and the Whitehall departments have come increasingly to lose faith in the responsibility of locally elected bodies ... [while] there is often too wide a gulf in local government between governors and the governed.

(Committee on the Management of Local Government, 1967, para. 5)

A number of committees and commissions were set up over the next thirty years to investigate this perceived problem and related matters. Despite all the scrutiny, there remained, and still remains, a fundamental and mutual distrust between the central and local levels of government.

It is not just that conflict and confrontation have been a more conspicuous feature of central-local relations than co-operation and partnership, particularly [over the period from 1980 to 2000], although this is a real enough difficulty. A more deep-seated problem is the profound mutual ignorance and isolation of the two levels.

(Leach and Percy-Smith, 2001, p. 227)

One might have expected that the prolonged scrutiny referred to earlier would have resulted in some significant changes, but in fact the real changes were happening outside the remit of the committees and commissions:

Since 1980, the Conservative governments had progressively sidelined local authorities by establishing new ad hoc agencies composed of nominated people, largely with a private sector background. (Young and Rao, 1997, p. 227)

The main rationale for this action was the perception that local councils are inherently bad managers. One consequence is that matters have become even more confusing for the local citizen, since not all locally provided public services

are now run by local government. Local hospitals, for example, are run by NHS Trusts, which have little or no local accountability and are subject to a great deal of control from the Department of Health in central government, while social workers are not employed by the Minister for Social Services but by local councils.

Similarly, many local authorities have transferred their entire council housing stock to housing associations, although in some parts of the country housing functions have been taken over by Housing Action Trusts; training and careers advice functions have gone to a new quango, Connexions¹⁸; a number of schools have severed all links with the Local Education Authority (the borough council in London, the county council or unitary authority elsewhere) and are now autonomous 'Grant Maintained Schools' funded direct from Whitehall. Thus services that used to be controlled by one body are now the responsibility of several. It is argued that such fragmentation of service provision makes it harder than ever for local service users to develop a relationship with their council, precisely because there are so many other bodies with which to develop a relationship.

Another consequence of the sidelining of local government has been the displacement of local councils from the lead role they had previously enjoyed in all manner of local affairs, but particularly in urban regeneration and employment development. At the same time councillor representation on other

¹⁸ <http://www.connexions.gov.uk/>

public bodies, particularly health authorities, has been reduced. The work itself has not disappeared, but has been transferred to new bodies, managed by new people. Young and Rao (1997, p. 228) estimate that by the mid-nineties there were around 55,000 members of the 4,500 or so new bodies, compared with 22,000 councillors in England and Wales. Many of what John Stewart has dubbed 'the new magistracy' (Stewart, 1996, p. 170 – 187) are businessmen and local notables, who – for whatever reason – have not stood for election to the local council, or for that matter to the bodies they now control.

The proliferation of such locally unaccountable quangos may in itself cause concern about the 'democratic deficit' (Wilson, 1994), the fact that more and more control over our daily lives at the local level is being exercised by people who have been appointed, usually by central government, and not elected locally (Greer and Hoggett, 1996). But for this study it is not the alleged superiority of unelected management over the elected kind that causes most concern, but another aspect of quangos: that the people running them have no need to make themselves known to the public. This makes it hard for ordinary people even to identify, let alone build a relationship with, those responsible for providing local services. While this does not directly affect the three services chosen as case studies for this research, since all three are directly managed by an elected body (Barnet Council), it is argued that the proliferation of quangos has contributed to a pervasive sense of alienation of public service users from public service providers.

4.3.2 Market Discipline

Taken to its logical conclusion the relationship between a principal and an agent can become market-led, so that the agent at any one time is under the constant threat (or discipline) of being replaced by another who will be cheaper or more efficient. Perhaps the most profound impact of the shift towards a managerial perspective on the role of local government has been the steady introduction and development over the last 20 years or so of a greater degree of market discipline, a change which Young and Rao have described as “the most significant un-making of the post-war settlement” (Young and Rao, 1997, p. 262). In particular, the introduction of Compulsory Competitive Tendering (CCT), under the Conservatives, and then Best Value, under Labour, has seen a radical shift away from the idea of local councils as partners in government to the idea of local councils as quasi-utilities, responsible for delivering various services that are deemed necessary for a well functioning society and that happen to be under public control – but need not stay that way for ever. For example the public Library service and Environmental Health, two of the case studies in this research¹⁹ - can be viewed as franchises that can be withdrawn and transferred to other bodies at short notice.

The significant aspect of both CCT and Best Value is that they are focused on the application of market disciplines to the management of local council services.

The underlying implication of this is that there is no distinctively ‘public sector’ management skill base which is peculiar to this sector and which takes account

¹⁹ The partnership theme has not disappeared altogether though, since certain services (such as the administration of Housing and Council Tax Benefits, the third case studied in this research) still remain as nationally funded services administered locally.

of, and operates within the constraints of, democratic accountability and local leadership. Instead, the assumption is that the local council is really a 'quasi-utility', for which market disciplines are appropriate and indeed sufficient. If this is indeed the case then the possibility of relationships developing between local service users and their providers decreases considerably, as the body of research²⁰ into the relationships between utilities and their customers has demonstrated.

4.4 Lack of interest in democracy at the local level

The previous section showed how the tensions between function and structure, and between partner and agent, have combined to create a climate in which relationships between local councils and their citizens are unlikely to flourish. There is also evidence that local democracy has suffered as a result of the perception of local councils as agents of the centre, rather than partners of the centre. As Young and Rao put it

Even today commentators – and they are many – like to forecast a coming renaissance of local democracy. We would be unwise to believe them. Local government in Britain has been treated throughout the post-war period as an instrument of central purposes ... Looking upwards to Whitehall, rather than downwards to the people, local authorities [have] lost their popular base. Research evidence suggests that today's local authorities are less widely trusted, respected or thought important than was the case thirty years ago.
(Young and Rao, 1997, p. 305-6)

Similarly, Byrne quotes a leader in *The Times* (undated) as saying

It is beginning to look as if confidence in [local government] and practice of it may prove to be a passing phase in British political evolution. (Byrne, 2000, p. 24)

²⁰ This research is discussed in Chapter 6, under the heading of Taken For Granted relationships.

Further evidence of this disengagement is provided by an Audit Commission survey:

A survey undertaken [in 1996] as part of the [Local Government Review Commission]'s review process showed that of those interviewed, just under two-thirds of local people in the shire areas said that they either did not know very much, or knew nothing at all, about councils in their area and the services that they provide. (Audit Commission, 1998, p. 10)

Similar findings arose six years later from a survey for the Office of the Deputy Prime Minister (ODPM) - "most people know little about their local council" (ODPM, 2002, p. 7) and

most people are content to take a passive interest in the activities of their local council – the majority of residents surveyed indicate they like to know what the council is doing but are happy to let them get on with their job. (ODPM, 2002, p. 16)

Perhaps the most important evidence of the impact on democracy is the turnout figures for local elections, which are poor in the UK when compared with other EU countries as Table 4.1 on the next page demonstrates, even in those countries which – like Britain – do not make voting in local elections compulsory.

Table 4.1 Average turnout in sub national elections in the European Union

(1995)

Country	Percentage Turnout
Luxembourg*	93
Italy*	85
Belgium*	80
Denmark	80
Germany	72
France	68
Spain	64
Ireland	62
Portugal	60
Netherlands	54
Great Britain	40

* Compulsory voting in at least some areas

Source: Rallings et al. (1996) in Leach and Percy-Smith, 2001, p. 110

The distinctive feature of a local council, the thing that sets it apart from all other providers of services, utilities and the like, is that the council is democratically elected. Elections, not market forces, are the source of its power and legitimacy. In the final analysis the service providers are the councillors, in the sense that they are ultimately responsible to the electorate for the quality of service delivery at the local level. If local people, for whatever reason, choose not to engage with their council at the most basic level of an election every four years, then is it reasonable to expect them to form a relationship with their council?

4.5 Local governance

There is an important distinction to be made between local 'governance' and local 'government'. The latter is

generally taken to mean the 'town hall' – the elected local councils and the services they provide. Thus local government is 'what the town hall does'.

(Leach and Percy-Smith, 2001, p. 1).

Local governance, on the other hand, is the generic term for all the bodies that provide public services at the local level, including health authorities, voluntary organisations, statutory undertakings, public utilities, some local schools (those that have opted out of direct local authority control), colleges of further and higher education, private sector developers, major local employers and others. These organisations all play a part in the management and delivery of public services at the local level. They are controlled in a variety of ways, but not by the local council. Local government no longer occupies the central position it once did. In the words of the Prime Minister of the time “There are all sorts of players on the local pitch jostling for position where previously the local council was the main game in town” (Blair, T. 1998, p. 10).

One of the main planks of the programme of reform of local government has been the introduction of new forms of local government, streamlining councils by the introduction of – for example – directly elected mayors. The intention is to provide a focus for local governance, with the mayor at the centre of a web of influence rather than control. And yet the centre’s reluctance to cede any meaningful power promptly came into view with its attempts in 1999 to prevent Ken Livingstone becoming the first new-style Mayor of London (Byrne, 2000, p. 277).

Equally seriously, from the perspective of this study

By 1995 it had become commonplace for commentators to use the term ‘local governance’ in preference to the mono-institutional term ‘local government. [The term] Local government no longer seemed to capture the reality of political life in urban and rural Britain ... the belief in the value of local

democracy [had all but disappeared]. (Young and Rao, 1997, p. 228)

Despite the rhetoric promising to put local government at the centre of local governance, it is very far from clear that this will happen, or that local citizens will become more empowered as a result. It is argued that one direct consequence of this is that local citizens will become increasingly alienated from their local council as they realise that the power to shape local affairs is shifting away from the Town Hall. This in turn will erode the formation and maintenance of relationships between citizens and their councils.

A partial consequence of the distinction between government and governance is a decline in interest and participation in local democracy, for which some evidence has already been presented. This has not gone unnoticed by central government, and it would be wrong to give the impression that the two most recent governments, the Labour governments of 1997 and 2001, have been exclusively concerned with quality of service delivery, with treating local councils as quasi-utilities and with ignoring completely the concept of local democracy, and the role of local authorities as partners in the governance of the nation. The 1997 government for example addressed itself to various fundamental issues concerning local democracy:

... there is in the government's reform programme for local government an important recognition that local government is more than efficient service delivery and consumer/user satisfaction – a recognition that local government is about local governance and democracy. The programme is centred around getting 'in touch' with the people and strengthening local democracy. (Byrne, 2000, p. 603)

Similarly, the title of the 2002 White Paper, “Strong Local Leadership – Quality Public Services” (DTLR, 2002) suggests that the leadership role is slightly more important than, or possibly co-equal with, the service delivery role.

The belated recognition of the central role of local councils in local governance is important because it opens the theoretical possibility of a non-commercial kind of relationship developing between local service providers and their service users.

This relationship is to do with the role of the citizen in the local state, and is intimately concerned with local democracy. The prime distinctive feature of local government, according to Walsh (1994) is its claim to a legitimacy based on democracy not the market. Despite the implicit contradiction (“democracy cannot co-exist with the market”) set up by Walsh (1989) and others (e.g. Chaston, 1995; Conway, 1996) it is conceivable that there is a special relationship model applicable to local government. Therefore it is hypothesised that **There is a distinctive model of relationship which is found exclusively in the local government context. (H.1)**

However, despite the centre’s remarks about the importance of local democracy the reality is that the problem of how to combine efficient delivery of quality local services with local accountability and a thriving local democracy has been resolved in favour of agency at the expense of partnership, and in favour of efficiency at the expense of democracy. Of the 17 pages of the White Paper referred to above, for instance, only two are about leadership and nearly all the rest are about service delivery. The distinction between government and

governance at the local level turns out not to be conducive to relationship formation after all.

4.6 London government

The council used as the source of the three case studies in this research (Barnet) is one of 32 London Boroughs. The story of London government resembles that of the rest of the country in many ways, even though the details are different. The characteristic of function being divorced from structure, and the dilemma of partner or agent, for example, are both present in the evolution of London government, as is a degree of alienation from the council. For convenience the heavily abbreviated history of London government that follows starts in the nineteenth century and is divided into four chronological phases: 19th century pre 1899; 1899 to 1986; 1986 to 2000; 2000 to the present.

4.6.1 London government in the 19th century, pre 1899

For most of the 19th century up until 1899 London was governed by 28 municipal boroughs, which were less prestigious and less powerful than the county boroughs which existed elsewhere in England²¹. While it might have seemed logical to make each of the 28 a county borough in its own right, so that they could exercise the powers of local government enjoyed by their counterparts elsewhere in the country, instead the London County Council (LCC) was formed in 1899, as an additional tier of government unique to the capital.

²¹ For example, Birmingham, Manchester and Liverpool.

4.6.2 London government between 1899 and 1986

The LCC, “a unique urban county” (Young and Rao, 1997, p. 12), had the real power, while the boroughs themselves had relatively little. This state of affairs persisted through the evolution of the LCC into the Greater London Council (GLC) in 1965. The change from LCC to GLC was more than just a change of name, because the old LCC covered about three million people while the new GLC covered about eight million (Byrne, 2000, p. 34). The extra population came from the addition to the metropolitan area of parts of Essex, Kent, Surrey and Hertfordshire and the county boroughs of Croydon, East Ham and West Ham. Simultaneously 32 London Boroughs were created out of the 95 local authorities within the area covered by the GLC. The London Borough of Barnet was one of these 32, formed from five small predecessor councils²². Service provision and other responsibilities were shared between these two levels of London government, and the LCC survived in one or other form as “the great untouchable” (Young and Rao, 1997, p. 110), the one part of the local government jigsaw that was so powerful politically that no-one dared to change it until the Thatcher administration abolished it in 1986.

4.6.3 London government between 1986 and 2000

After 1986 there was for a time only one tier of government in London, if one ignores the various functions that were devolved upwards to central government or outwards to quangos. Not that this apparent simplification actually improved

²² The urban districts of Chipping Barnet, East Barnet and Friern Barnet plus the boroughs of Hendon and Finchley.

matters for the ordinary citizen. A comprehensive review of London government by the local government analyst Tony Travers and others found that:

The present system of London government, with its elected lower-tier authorities [the London Boroughs, such as Barnet], ad hoc committees, appointed boards and government departments, is not markedly more or less democratic, comprehensible or accountable than many arrangements which have existed in earlier times.
(Travers et al., 1991, p. 17)

4.6.4 London government from 2000 to the present

The situation changed fundamentally once more in 2000 with the creation of a directly elected, full time, executive Mayor for London accountable to an elected 25 member Assembly (the Greater London Authority). alongside a number of ad hoc agencies and authorities, including four new functional bodies: Transport for London, the London Development Agency, the London Fire and Emergency Planning Authority and the Metropolitan Police Authority. As would be expected from the earlier discussion of the relationship between function and structure, it is hard if not impossible to discern any logical connection in the allocation of functions to the different bodies, and there are very few residents of the capital who can confidently say that they understand the pattern of government in their city. In particular a considerable number of the previous quangos survived:

... [London] was subject [during the period from 1986 to 2000] to administration by some seventy to eighty bodies (according to definition); indeed one estimate in 1994 put the figure at 270.
(Byrne, 2000, p. 123)

It is significant for our purpose that these bodies are run by unelected people:

A century ago 12,000 people were elected to govern London. The same number still govern the capital, but only 1,000 are elected: the rest are appointed.
(Jenkins, 1995, cited in Byrne, 2000, p. 558)

Table 4.2 gives the figures for successive London²³ borough elections, showing that voting has consistently been a minority interest. It would not be reasonable to expect flourishing relationships with an institution which most people appear consistently to ignore.

Table 4.2 Turnout in London Borough Elections 1964 - 2002

Year of election	Percentage turnout
1964	35.7
1968	35.8
1971	38.7
1974	36.4
1978	43.1
1982	43.9
1986	45.4
1990	48.1
1994	46.0
1998	34.6
2002	32.9

Sources: Rallings, Temple and Thrasher, 1996, p. 73; Byrne, 2000, p. 146; Association of London Government, 2002, p. 3

In many ways the history and the present nature of London government exemplify the main arguments about local government as a whole. Given the divorce of function from structure, the resolution of the partner/agent dilemma in favour of agent status, the more intense proliferation of quangos in London than anywhere else, and given also the consistently low electoral turnout it is possible to hypothesise that London citizens, and Barnet residents in particular, will be very unlikely to form a relationship with their local borough council. This can be formalised into a research hypothesis:

Users of council services do not have any relationship with their council.

(H.2)

²³ Although this Table only refers to London the figures for other parts of the country are just as bad or even worse (Gaber and Wardle, 2002).

On the face of it this research hypothesis is incompatible with H.1, since H.1 postulates that the relationship between citizen and local council is of a special kind (implying that such a relationship exists), while H.2 denies the existence of any relationship. This incompatibility can however be resolved by saying that it is a natural extension or generalisation of the first hypothesis. The former postulates that there may be a special kind of relationship (one that is found nowhere else) while the latter goes one step further and suggests that there is no relationship at all, not even a special one.

This chapter has investigated the existence of relationships between local government service providers and their service users, as a necessary precondition for relationship marketing to be applicable in this context. The weight of the evidence tends towards the view that, despite the conclusions of the previous chapter, the necessary precondition for relationship marketing does not in fact exist in local government. Chapter 5 explores the applicability of relationship marketing in more depth, by considering the elements of a relationship, such as trust and commitment. The rationale here is that if the elements of a relationship are present then there must be at least a possibility that relationship marketing (in the abbreviated Berry and Parasuraman definition) can be applied. Conversely, if the elements required for a relationship are missing then there is no possibility of relationship marketing being applicable. It should however be borne in mind that even if there is no scope for relationship marketing in the local government context then some other form of marketing (including database marketing) might be appropriate.

Chapter 5: Elements of a relationship

5.1 Introduction

This chapter approaches the question of whether or not relationship marketing can be applied in the local government context from a different perspective. The premise of the chapter is that relationships are complex, and that they are made up of a number of elements. If these elements are not present in a particular environment then there can be no relationship. The chapter begins by summarising what is said in the marketing literature about how service provider/service user relationships are initiated and maintained. It then introduces the idea of the elements of a relationship, lists the elements most commonly found in the literature, defines and describes the four most frequently cited elements of a relationship (trust, commitment, closeness and co-operation) and makes a preliminary assessment of whether each of the four elements is likely to be found in the three local government services case studies. The chapter concludes, on theoretical not empirical grounds, that the probability of marketing relationships occurring in the local government context is low.

5.2 Initiating and maintaining relationships

Given the centrality of relationships to the concept of relationship marketing one might expect the relevant literature to have a set of prescriptions for initiating and maintaining a relationship. On the contrary:

within the relationship marketing literature ... there is still uncertainty about just how ... relationships are created and maintained. (Gabbott and Hogg, 1998, p. 253)

There are two broad approaches in the marketing literature to the question of how to initiate a relationship: the economic and the interpersonal. Grönroos

typifies the economic approach. He claims that there are two stages in a relationship: attracting the customer and then “building the relationship with that customer so that the economic goals of that relationship are achieved.”

(Grönroos, 1994a, p. 9)

There are powerful economic arguments for service providers to seek to establish and maintain relationships with their service users. Indeed, some have argued that there is no future for marketing unless it does succeed in establishing such relationships. For example, Gummesson states that “in my view relationship marketing will constitute the future paradigm for all types of marketing.”

(Gummesson, 1994b, p. 81)

One problem with the economic approach is that it leads the marketer into believing that creating and sustaining relationships with customers is just a matter of techniques. This can be seen in the way that Customer Relationship Management (CRM; see Chapter 3) presents itself as an extension of relationship marketing instead of a new, more sophisticated technique for practising database marketing. The technique is paramount, not the relationship between service provider and service user, and for as long as this is the case there can be no genuine relationship because the essential element of reciprocity between service provider and service user, to say nothing of trust and commitment, will be absent. Another, related, problem is that the economic approach relegates the customer to an essentially passive role. More particularly, it ignores the question of whether the customer actually *wants* a relationship with the firm. Sheaves and Barnes, drawing on their own research, refer to

one bank customer, participating in a focus group session, [who] indicated that he had an ideal relationship with his bank: 'I don't call them, and they don't call me.'
(Sheaves and Barnes, 1996, p. 232)

They also point out that

... a relationship only begins when BOTH parties are interested in forming a relationship. It cannot be a one-sided affair ... a very important lesson for the marketer [is that] a customer has to be WILLING to enter a relationship. This ... implies that a firm may have very little control over whether or not a relationship with a customer develops.
(Sheaves and Barnes, 1996, p. 231. Original emphases)

Similarly, Barnes has criticised the way

many firms have rushed headlong into the establishment of customer relationships without a clear understanding of what a relationship really is or of whether a customer wishes to form one.
(Barnes, 1997, p. 227)

Fournier, Dobscha and Mick reinforce the point, "... the consumer is not necessarily a willing participant in our relationship mission!" (Fournier, Dobscha and Mick, 1998, p. 44), while O'Malley, Patterson and Evans (1997) provide further support in concluding that customers must be aware that a relationship is being developed with them - otherwise there is no relationship. However, it is not just a question of volition, of wanting a relationship. After all, relationships need not be voluntary, warm affairs. They can also be negative, hostile or coercive (Iacobucci, 1994; Oliver, 1990).

This leads to a deeper precondition for a relationship to exist. The customer has to *know* and *accept* that it exists. Perrien, Paradis and Banting make the point that making a relationship is a personalised process. "The buyer's knowledge [of the

supplier's intent to form a relationship] is a basic requirement to the development of a relationship." (Perrien, Paradis and Banting, 1995, p. 317)

Sheaves and Barnes underline the point:

It is critical that managers appreciate the fact that a relationship cannot be one-sided and that no relationship exists unless the customer believes it exists. (Sheaves and Barnes, 1996, p. 242)

It seems that the economic model, which tends to focus attention on whether or not the firm wants a relationship, is not only one-sided but 'seller' oriented. It is also incomplete, because it ignores the interpersonal elements of volition, knowledge and acceptance by the consumer of the intention to form a relationship.

The interpersonal approach to relationships is typified by Sheaves and Barnes (1996). Their position is that what applies to relationships between individual people also applies to relationships between suppliers and consumers, because suppliers and consumers are human beings too. They argue that it is a characteristic of personal relationships that they have emotional and affective elements. It is therefore reasonable to assume that relationships in the marketing sense should also have emotional and affective elements, not just economic ones.

It can be concluded that, for a marketing relationship to exist there has to be an economic nexus, but that the interpersonal elements of volition, knowledge and acceptance must also be present. Even then, there is no guarantee that an interpersonal relationship will develop. The success or otherwise of the

relationship depends very much on the presence, and on the strength, of a number of specific relationship elements, which are described in the next section.

5.3 The elements of a relationship

The relationship marketing literature has many references to entities that will be referred to in this study as the 'elements' of a relationship. (Although this term is not found in the literature itself it is useful because it sets up the distinction between the 'elements' of a relationship and the 'model' of a relationship which is introduced in the next chapter.) The elements of a relationship are such things as trust, commitment, co-operation and closeness – the elements which need to be present before one or both parties to a marketing transaction²⁴ change their perception and acknowledge the encounter as more than a transaction and even a relationship.

A review of 72 marketing, economics, social psychology and social administration sources for this research revealed 18 different elements which can be involved in a marketing relationship. Table 5.1 on the next page lists them and their relative frequency in the 72 sources. This chapter will concentrate on the four most frequently cited elements.

²⁴ or more often a *series* of marketing transactions (Barnes, 1997; Cowles, 1994; Crosby, Evans and Cowles, 1990; Egan, 2001; Morris, Brunyee and Page, 1998; Perrien and Ricard, 1995; Sheth and Parvatiyar, 1995; Walsh, 1989; Webster, 1992)

Table 5.1 Elements of a relationship

Element	Frequency	Percent of all citations
Trust	36	21
Commitment	24	14
Co-operation	18	10
Closeness	18	10
Contact	16	9
Asymmetry (or power imbalance)	16	9
Communication	11	6
Reciprocity	10	6
Support and empathy	8	5
Concern	4	2
Emotion (especially affection)	4	2
Conflict (1)	1	1
Enhancement (2)	1	1
Maintenance (3)	1	1
Positive Regard	1	1
Respect for privacy	1	1
Self-disclosure	1	1
Social relationships (4)	1	1

Notes: (1) Conflict in the sense of "functional" conflict, i.e. conflict that contributes to the development of the relationship, by being resolved amicably (Fontenot and Wilson, 1997, p. 7).

(2) Enhancement refers to the desire to grow, learn and change. Healthy relationships can help to fulfil this need. (Rogers, 1959)

(3) "Maintenance reflects the desire to maintain the status quo, and hence the need for maintenance to be overcome if a new relationship is to be established. Rogers postulates two primary factors essential for overcoming maintenance: trust, and expressive and unambiguous communication." (McCort, 1994, p. 56)

(4) Social relationships can lead to business relationships (Iacobucci, 1994)

5.4 Trust

Trust is the single most frequently cited element of a relationship. Its importance may be gauged by the fact that it occurs in discussions on relationships across a wide range of disciplines including economics, social psychology, marketing and social administration. Because of its centrality trust merits more discussion in this chapter than any of the other elements. This section first of all offers a definition of trust, then looks at why it is important and when it can develop.

Next the process of developing trust is summarised, including references to the

risk factor which is seen to be an essential part of trusting someone. Then follows a summary of the behaviours that can be used to reinforce trust, followed by a brief review of the effects of trust on relationships before ending with the wider question of trust in government. The conclusion is reached that trust is unlikely to develop in the local government context.

5.4.1 Definition of trust

A common proposition amongst definitions of trust is that it encompasses two essential elements: trust in the partner's honesty and trust in the partner's benevolence.

Honesty refers to the belief that the partner stands by its word, fulfils promised role obligations and is sincere. Benevolence reflects the belief that one partner is interested in the other's welfare and will not take unexpected actions to the detriment of the partner.

(Geyskens et al., 1995, cited in Buttle, 1996, p. 9)

The literature suggests that trust needs to be present before any kind of human relationship can develop²⁵; that trust is dyadic²⁶ (so that in the marketing context there has to be trust between the consumer and the producer and vice versa) and even that the development of trust will be limited to certain sectors, namely

those that involve a high risk for the customer in the short term or those which necessitate a long-term obligation on behalf of the company.

(Sheaves and Barnes, 1996, p. 235)

²⁵ Barnes, 1997; Barnes and Barnes, 1995; Barnes and Walker, 1996; Berry and Parasuraman, 1991; Berry, 1995; Buttle, 1996; Crosby, Evans and Cowles, 1990; Fontenot and Wilson, 1997; Fournier, Dobscha & Mick, 1998; Grönroos 1994a, 1996; Gummesson, 1995; Hennig-Thurau and Klee, 1997; Hunt, 1994; Kumar, Scheer & Steenkamp, 1994; Morgan and Hunt, 1994; Morris, Brunyee and Page, 1998; Nielson, 1998; Sheaves and Barnes, 1996; Webster, 1992; Wray, Palmer and Bejou, 1994)

²⁶ Barnes and Walker, 1996; Clarke, 1996; Grönroos, 1996; Gummesson, 1995; Hunt, 1994; Kumar, Scheer & Steenkamp, 1994; Morgan and Hunt, 1994; Morris, Brunyee and Page, 1998

5.4.2 Developing trust

Developing trust is a slow process²⁷, being built up over time by multiple encounters which confirm and reconfirm trust²⁸. Trust also requires that the partner be predictable²⁹.

5.4.3 The importance of taking risks

Risk - taking is important to the development of trust, and there is no trust without risk, (Morgan and Hunt, 1994; O'Sullivan and O'Sullivan, 1995; Sheaves and Barnes, 1996). Buying services is always risky, because as was shown in Chapter 2 services are by definition intangible³⁰ and thus difficult to evaluate. In taking a risk the service consumer or customer ascribes certain characteristics to the supplier/provider, such as reliability, honesty and benevolence. This has to be an act of faith in the first instance³¹, but on the other hand trust permits experimentation with the unfamiliar or the original (O'Sullivan and O'Sullivan, 1995).

5.4.4 Factors that can reinforce trust

There are a number of factors that can reinforce trust, once it has begun to develop. These include evidence of promises fulfilled³², partners having detailed

²⁷ Berry, 1995; Berry and Parasuraman, 1991; Clarke, 1996; Sheaves and Barnes, 1996; Wray, Palmer & Bejou, 1994

²⁸ Grönroos, 1996; Morgan and Hunt, 1994; Morris, Brunyee and Page, 1998; Selnes, 1998; Sheaves and Barnes, 1996; Webster, 1992; Wray, Palmer & Bejou, 1994

²⁹ Buttle, 1996; Clarke, 1996; Michell, Reast & Lynch, 1998; Sheaves and Barnes, 1996

³⁰ Berry, 1995; Berry and Parasuraman, 1991; Buttle, 1996; Crosby, Evans and Cowles, 1990; Gabbott and Hogg, 1998; Shostack, 1977; Walsh, 1989; Zeithaml, 1981

³¹ Buttle, 1996; Crosby, Evans and Cowles, 1990; Geyskens, Steenkamp and Kumar, 1996; Michell, Reast and Lynch, 1998; Mohr and Spekman, 1994; Morgan and Hunt, 1994; Sheaves and Barnes, 1996; Zaheer, McEvily and Perone, 1998

³² Berry, 1995; Buttle, 1996; Grönroos, 1994a, 1994b; Sheaves and Barnes, 1996; Wray, Palmer and Bejou, 1994

knowledge of each other (Grönroos, 1996; Morgan and Hunt, 1994) and good communications between the partners (Berry, 1995; Morgan and Hunt, 1994; Selnes, 1998).

5.4.5 Expected outputs once trust is present in the relationship

Once trust is established in a relationship certain outputs can be expected, such as reduction of uncertainty and vulnerability, an increased sense of security in the relationship, co-operative behaviours and the promotion of efficiency, productivity and effectiveness³³.

5.4.6 Trust and local government services

The foregoing sections have established that trust is integral to a marketing relationship. The conditions for trust to develop are now investigated, with particular reference to whether they are likely to be found in local government services. This will be done by applying the preceding summary of the literature on trust to the local government context. It is already known that trust has to be two way. Historically this has been seen as a problem for a sector frequently characterised as having a 'producer culture'³⁴. In this kind of culture it is the producer who knows best, and the consumer is not trusted to know what they want, let alone what is good for them. Producers do not trust consumers, and give them very little opportunity or reason to reciprocate any trust that there might be. It is also possible that trust will only develop in certain contexts, namely those

³³ Berry, 1995; Buttle, 1996; Geyskens and Steenkamp, 1995 cited in Buttle, 1996, p. 9; Sheaves and Barnes, 1996

³⁴ Bailey, 1993, p. 17; Bellamy, Horrocks and Webb, 1995, p. 15; Hood, Peters and Wollmann, 1996, p. 50; Stoker, 1988, p. 111; Walsh, 1989, p. 3; Walsh, 1994, p. 63

where there is a high risk to the consumer. Local government services do not normally involve any real risk for the customer, since the local authority is funded from taxation and hence unlikely in the extreme to go bankrupt, but there are several services that necessitate a long-term obligation on behalf of the council. Education for example, and long term social service activities both impose a long-term obligation on the council providing them. In terms of the three case studies of this thesis the Benefits Service probably best fits the criteria for the scope of trust.

Next the trust development process. The three main characteristics of the trust development process, namely duration, repetition and predictability can all be found in bureaucracies. That is not to say that all bureaucracies develop trusting relationships with their service users, but they would appear to have the opportunity to do so. As to the element of risk that a relationship modifies or reduces, it is noted that most local government activities result in the delivery of (intangible) services rather than the manufacture of products. Thus the element of risk is present. Whether or not the act of faith required to attribute certain desirable characteristics to the partner is present or indeed necessary in the local government context is an issue that revolves around the nature of trust in government. Trust reinforcements might be expected to be present in local government services by their predictability, repetitiveness and long term nature. However, the amount of knowledge of, and the quality of communications between, the partners is questionable (Audit Commission 1998, p. 10).

This brief review of trust and local government suggests that the concept of trust as described in the literature is by and large applicable to local government. However there is still the 'government dimension' to consider. Local councils are not just providers of a range of specialised services. They also have a role in the government of the country, and local people have two levels of connection with them: as citizen and as service user. For a relationship to exist service users in this study would be required to have trust in their local council as government over and above their trust in it as a provider of services. So far in this chapter all the references to trust from the different literature streams have concerned companies and not institutions of government, where government can be thought of as a special case of a 'supplier', and the public as 'service users'. Clarke points out that "trust needs to exist between governors and governed" (Clarke, 1996, p. 15) and, in language that is strongly reminiscent of the earlier summary of the characteristics of trust, defines trust in the governmental context as:

the expectation that arises from co-operative behaviour within a community, associated with shared values and norms about how it should be ... It does not just happen ... [it] has to be built up. It is reciprocal. It has to be confirmed and re-confirmed by action.
(Clarke, 1996, p. 15)

It follows that the existence of trust is essential if there is to be a relationship in the marketing sense between a governing institution (in this case Barnet Council) and its citizens. Unfortunately there is research evidence at both national and London level that trust in government is declining. At the national level, the Henley Centre says in respect of institutions including but not confined to public agencies that:

... the dramatic fall in trust ... since the early 1980s is explicable in part as the result of a readily perceived gap between the forces these bodies claim to influence and control and what the public

sees them actually doing ... The conditions brought about by globalisation and runaway technological innovation demand of business and public agencies a new attention to gaining and maintaining trust ... (Henley Centre, 1997, p. 7)

Similarly,

Our lack of trust in institutions suggests a widespread feeling that as citizens we have little room for influence and control ... many people [feel] wholly disconnected from the political process and powerless to affect the big issues that [make] a difference to their lives. (Henley Centre, 1997, p. 7)

... our sense of trust in immediate family, friends and familiar agencies (such as our GP) is still strong, but has declined in relation to traditional sources of guidance and authority. Trust ... is increasingly **personalised**.

(Henley Centre, 1997, p. 19, original emphasis)

Also at national level the political columnist Hugo Young, writing in *The Guardian* newspaper, detects a reciprocation of this lack of trust:

Six months after an election [the general election of 2001] when the people proved they were not very interested in democracy, the government produces the blueprint for a second chamber [of Parliament] that is perfectly anti-democratic. The politicians decide to put no faith in the people, at a moment when the people have shown how small is their faith in politicians.

(Young, 2001)

At the London level Jupp and Lawson found that a decline in appreciation for strong authority and traditional values amongst Londoners was “mirrored by plummeting trust for traditional British institutions and organisations” (Jupp and Lawson, 1997, p. 23). At the more local, Barnet Council level, there is no systematic evidence concerning levels of trust in the local authority. There is plenty of anecdotal evidence though. The following extract from a letter written in response to the council’s annual public consultation on its budget for the forthcoming year differs from the great mass of the responses received each year only in its articulacy.

On reading your recent 'Budget Consultation' I wasn't surprised to feel that old feeling of weary cynicism falling over me like a shroud. As we are all well aware, the quality and probity of our politicians has steadily declined since the war, and it is reasonable to assume that this applies to all levels of administration. Consequently I expect little will come of the various 'developments' we are asked to believe in³⁵.
(Baker, 2002)

A possible explanation for this decline in trust has been put forward by Grayson and Ambler, who argue that long term relationships (such as those between the public and institutions of government)

... do not have universally positive outcomes ... If, as in our study, there is a dark side to long-term relationships that dampens the impact of trust, then the sustainable competitive advantage enjoyed by long-term relationships may, paradoxically, carry the seeds of its own dissolution ...
(Grayson and Ambler, 1997, p. 21)

The low level of trust between the public and their institutions of government makes it unlikely that relationships between them will develop, since it has also been shown that trust is central to the concept of, and the continued existence of, a marketing relationship. As Berry has put it "Low-trust organisations are barred from relationship marketing" (Berry, 2002, p. 73).

5.5 Commitment

5.5.1 Connection between commitment and trust

Commitment and trust appear more frequently in the relationship marketing literature than any other elements of a relationship. They are closely linked: trust

³⁵ The budget consultation provided a number of different scenarios, or illustrative packages of service developments, each corresponding to a different level of tax increase. The public were asked to choose between these, or write in their own preferred level of increase.

leads to commitment, and vice versa, and both need to be present for a successful application of relationship marketing³⁶.

5.5.2 Definition of commitment

The literature identifies two important dimensions of commitment, namely time and dependency. As to the time dimension,

commitment represents a long-term orientation to the relationship, including a desire to maintain the relationship, both in good times and bad (Sheaves and Barnes, 1996, p. 233)

Commitment has both a past and a future orientation. It is proportional to past levels of satisfaction with the relationship (Sheaves and Barnes, 1996). At the same time it implies a belief in the long-term future of the relationship and resists short-term alternatives because of a belief in the promise of long-term benefits³⁷. Despite this emphasis on the long term Low has challenged the received wisdom that relationships must be long term:

The view that any relationship entered into must be long-term and, hence, worthy of significant investment or it will fail, should consider the rationale underlying the very basis of the relationship. More importantly, short-term relationships may not fail. (Low, 1996, p. 34)

Furthermore, Morris, Brunyee and Page (1998) found a gap between the concept of relationship marketing, which was widely embraced by individual marketers, and a reality characterised by short - termism and little commitment. Similarly,

³⁶ Barnes, 1997; Buttle, 1996; Egan, 2001; Fontenot and Wilson, 1997; Hunt, 1994; Hutton, 1995; Kumar, Scheer and Steenkamp, 1994; Morgan and Hunt, 1994; Nielson, 1998; Pressey and Matthews, 1998; Sheaves and Barnes, 1996

³⁷ Hennig-Thurau and Klee, 1997; Hutton, 1995; Morgan and Hunt, 1994; Perrien, Paradis and Banting, 1995; Sheaves and Barnes, 1996

Egan (2001, p. 381) queries whether customers really want a committed relationship with a supplier, and Vittles comments that

... most people lead such busy lives. They want to be consulted on an ad-hoc basis on relevant issues, have the opportunity to say what they think and feel that their views have been noted. They do not want any long-term commitment. (Vittles, 1997, p. 1)

Thus as far as the public sector is concerned it may not matter whether or not people want a long term relationship, if the structure of the market itself militates against such relationships. As Scrivens and Witzel point out

... few purchasers [in the created markets of the public sector] require the provider to develop long-term, close relationships ... (Scrivens and Witzel, 1990, p. 10)

Indeed the whole purpose of the New Public Management³⁸ is to replace the old style services with a new emphasis on competition, choice, short termism and market style mechanisms.

5.5.3 The dependency dimension of commitment

Commitment is proportional to the level of dependence on the relationship, which is measured by the amount at stake (Kumar, Scheer & Steenkamp, 1994). Dependence however can be either voluntary or involuntary. If the dependence is voluntary the consumer's commitment to the supplier will not be conditioned by power or sanction, but it will be deep rooted and the consumer will feel satisfied. This state of affairs may be the result of the consumer's desire to "reduce choices by engaging in an ongoing loyalty relationship with marketers", which has been

³⁸ A term used to describe a paradigm shift in the ethos of the public sector, away from a 'service to citizens' orientation towards a 'consumer oriented' one. See Clarke (1996); Gyford, Leach and Game (1989); Hood, Peters and Wollmann (1996); Stoker, 1996. For an updated version of the New Public Management paradigm, which also broadens it out to include less contentious elements such as information technology, see Kasemets (2000).

described as the “fundamental axiom of relationship marketing” (Sheth and Parvatiyar, 1995, p. 256). Involuntary dependence, on the other hand, has shallow roots, and the consumer will feel dissatisfied or entrapped³⁹. Involuntary dependence is also closely akin to the concept of ‘false loyalty’, which was described in Chapter 3 and is reviewed in the next.

Involuntary dependence most often arises in monopoly situations (e.g. the days before the privatisation of the telecomms industry, the utilities and the railways when there were no substitutes to reduce dependence) or regulatory situations (such as some aspects of Environmental Health). The term ‘involuntary dependence’ is also very fitting for the relationship between the claimants of Housing and Council Tax Benefits (the service users) and the service which hands out the cash (the service providers).

5.6 Closeness

Closeness is the third most often cited element of a relationship. Some writers maintain that closeness is indicative of a true relationship (especially Barnes, 1997, for whom closeness is of the essence; but also Gummesson, 1995, Nielson, 1998, Palmer, 1994). Barnes for example argues that it is precisely the close relationships that should be of most interest to marketers:

Close relationships are acknowledged to be more solid and likely to be longer lasting - precisely the characteristics in which marketers should be interested.
(Barnes, 1997, p. 229)

³⁹ Bejou and Palmer, 1998; Sheaves and Barnes, 1996; Sheth and Parvatiyar, 1995; Soellner, 1994

Barnes also puts forward three criteria for the creation of a close relationship:

The indication is that close relationships are more likely to be established in situations where the customer comes into fairly frequent face-to-face contact with the service provider, where the service is of a personal or high-involvement nature, and where a mutuality of interest and goals exists between the parties.
(Barnes, 1997, p. 230)

On this basis the sector most likely to encourage close relationships is small business, whose employees are often close to their customers at all times; especially those providing a personal, hands-on service, such as hairdressers. Professional firms or service providers (such as doctors) can also come into this category (Sheaves and Barnes, 1996, p. 226).

Other writers suggest that relationships may exist (Sheaves and Barnes, 1996, p. 223) as long as they are stable, even if closeness is absent. Evidence for this may be found in long term repeat purchasing behaviour. This reflects the realisation that not all customers want close relationships

Given that, from the firm's perspective, the business-customer relationship IS a work relationship, a close relationship typified by caring and mutual support may not be possible ... [and] many of the attempts to develop relationships with customers and ... tie them into long-term commitments may be in vain.
(Sheaves and Barnes, 1996, p. 229; original emphasis)

and that the desire for closeness and susceptibility to relationships will vary (Barnes and Howlett, 1998; Sheaves and Barnes, 1996). Thus the literature on closeness is as equivocal as on the time and dependency features of commitment. Only certain local government services meet Barnes' three criteria for the establishment of close relationships (frequent face-to-face contact, high involvement and mutuality of interest), and none of them meet all the conditions noted above. Frequency of face to face contact is characteristic of the Library

service, but not of the Environmental Health or Benefit services. The Benefit Service supplements the incomes of those on low incomes, and this activity could reasonably be described as a high-involvement, even personal, service in a way which the other two case study services could not. The Environmental Health Service does not meet either of Barnes' first two criteria, and there is some doubt as to the extent of mutuality of interest. Indeed, Curran-Frantz found that mutuality of interest between not-for-profit providers and their clientele does not always occur:

I have consulted with numerous non-profit organizations who consider their primary customer to be either their funding agency or their Board of Directors, NOT the clients served. If they please their funding agency or live up to their mission as defined by the Board, then they consider themselves successful regardless of cost or client benefit. (Curran-Frantz, 1998, p. 1)

Nevertheless it can be argued on the evidence so far presented that a relationship may develop between local government service providers and service users, although such relationships are unlikely to be 'close' in terms of Barnes' criteria.

The literature offers two further perspectives on close relationships. These are the 'weak ties' and 'parasocial' models of relationships, from the sociology and communications literature streams respectively (discussed in more detail in the next chapter). There is an argument that close interpersonal relationships ('strong ties') such as those previously experienced within families or with close friends are declining in society generally, and being replaced by 'weak ties' with a larger but looser network of people who are outside that primary circle (Sheaves and Barnes, 1996, p. 236 – 239). The providers of a local government service could

conceivably be part of a network of 'weak ties', and if this is the case then perhaps a lack of closeness need not rule out a relationship after all.

A similar argument applies to the 'parasocial' relationship – one where the relationship is with a role rather than a person, so that true interpersonal closeness is no longer necessary. If a service user can develop a degree of closeness with the *role* of service provider, not necessarily with the person or people playing the role, that may be sufficient.

To summarise: closeness of the conventional, interpersonal kind, appears unlikely to exist in the relationships between the providers and the users of any of the three local government case studies used in this research. However, this need not rule out the presence of a relationship on which marketing can build, since there is more than one kind of closeness and stability can substitute for closeness.

5.7 Co-operation and co-production

The fourth of the major elements of a relationship is co-operation, which it is convenient to link here with co-production. Co-operation is cited in the literature both as an antecedent of trust and commitment (Crosby, Evans and Cowles, 1990, p. 71; Grönroos, 1996, p. 9) and as a consequence of them (Hunt, 1994, p. 16; Morgan and Hunt, 1994, p. 22). Co-production can be seen as a deepening of the association between service provider and service user (Barnes and Walker, 1996, p. 384; Gummesson, 1998, p. 243; Sheth and Parvatiyar, 1995, p. 264) which results in the creation, not just of a service episode but also of a

relationship. Specifically, co-production is the practical expression of co-operation in the creation and delivery of a service.

On the face of it co-operation is a strange concept to find in the marketing literature, which has traditionally emphasised the economic dimension rather than the interpersonal one. Perrien and Ricard, for example, questioned marketing's

reliance on research conducted in social psychology to gain a better understanding of a marketing relationship, [because] the nature of the involved exchange (human versus economic) usually creates a discrepancy that largely exceeds relationship as a metaphor common to both social psychologists and marketers. (Perrien and Ricard, 1995, p. 38)

Hunt has also pointed out that marketing's traditional reliance on economics as its primary source of ideas and principles creates particular problems in respect of co-operation, an idea with which economics has long had difficulties:

economic theory is highly suspicious of co-operation ... viewing it as collusion ... economists speak of competitive theory, of pure and perfect competition ... there is no corresponding development of co-operative theory, no concepts of pure and perfect co-operation (Hunt 1994, p. 10)

Although Hunt was writing about co-operation between firms rather than between firms and individuals, the principle remains the same: co-operation is to be viewed with suspicion, because it leads to less than optimal results due to the absence of competition. Not all economists take such a hard line as Hunt however. Lipsey and Chrystal, for example, seem almost apologetic when they say that

conscious co-operation is not always the best route to desirable social outcome; the atomistic pursuit of self-interest can *sometimes* produce a better outcome than the co-operative route.

(Lipsey and Chrystal, 1995, p. 412; emphasis added)

Hutton is more forthright in his defence of co-operation as a legitimate subject of economic discourse, contrasting what he sees as the economic importance of co-operation with society's rejection of it:

Successful capitalism demands a fusion of co-operation and competition ... where relationships are sustained over time there needs to be a means of capturing the gains from co-operation ... yet the entire British economic system - and increasingly the social system - is founded upon the idea that such co-operative gains do not exist ... (Hutton, 1995, p. 255)

At the deepest level the political scientist Axelrod (cited in Waldrop, 1992) has shown that co-operation, far from being alien to economics,

not to mention political science and all of human affairs can emerge spontaneously in a wide variety of social settings – including some of the most unpromising situations imaginable. (Waldrop, 1992, p. 262 - 264).

Thus co-operation as a concept can be found in a number of disciplines, including economics and political science. There seems to be no good reason for marketing, especially in the context of local government, to exclude it.

Nonetheless, both Grönroos (1996, p. 9) and Gummesson (1998, p. 243) found it necessary to stress that relationship marketing represents a decisive break with the past, precisely because it emphasises the commercial advantages of co-operation. Hunt also sees this as a new departure:

Marketing should work towards developing a theory of relationship marketing that focuses on effective co-operation (Hunt, 1994, p. 11).

Relationship marketing can thus be seen as an attempt by the marketing discipline to develop its own theory of co-operation, or at least to adopt such a

theory. The concept of co-production is essential to any emerging theory of co-operation, and hence of relationship marketing. Both Gummesson and Sheth and Parvatiyar put co-production centre stage:

The ethics and values of relationship marketing are different from the practice of conventional marketing. Although a relationship between a supplier and a customer is commercial, it is a relationship and that requires a long-term view, mutual respect, a win-win strategy, and the acceptance of the customer as a partner and co-producer of value and not just a passive recipient of a supplier's product. Co-production means that part of the implementation is performed by the customer.
(Gummesson, 1998, p. 243)

[as co-operation between consumer and producer develops, the consumer will be] willing to undertake some of the value creation activities currently being performed by the marketer, such as self-service, self-ordering and co-production.
(Sheth and Parvatiyar, 1995, p. 264)

However, co-production is not without its own set of problems. One might expect that a sector such as local government, which sets great store by its mission to serve the community in general and its service users in particular, would be only too keen to work alongside its service users. Further, one might expect that of all local government employees social workers would be the most favourably disposed, either by personal ideology or professional training, towards sharing the production of their service with their clients. On the contrary, Barnes and Walker found that social workers had difficulties in developing "partnership practice" (co-production in the terminology of this section) because

they saw giving up control of problem definition as a process of de-skilling. They found it hard to shift their notion of professional expertise to one which focussed on problem negotiation. A preparedness to loosen control and embrace users' own definitions and solutions requires different skills from those which professionals may have been taught.
(Barnes and Walker, 1996, p. 383)

It is difficult to find examples of genuine co-production of a local government service. Hood, Peters and Wollmann (1996, p. 45) give just one local authority example of co-production, namely a Neighbourhood Watch scheme. It is hard to think of any others, despite the fashionable talk of partnerships with the people, because for the most part councils (and, in fairness, other public sector agencies as well) are very clear where the power resides – and it is not for sharing with citizens in the role of co-producers.

There are deeper theoretical reasons why councils, in practice, are reluctant to share power and to co-operate fully with their citizens. These reasons are to do with the very nature of democracy in its modern, Western, form. Gyford, Leach and Game posit four current variants of traditional democracy at the local level: 'market', 'participatory', 'representative' and 'delegate' democracy. These terms need some explanation before considering their impact on concepts of power sharing, co-production and co-operation.

Market and participatory democracy are particularly concerned with defending particular rights, whether of economic individuals or of sectional groups ... [whereas] ... representative and delegate democracy are less concerned with particular rights and more concerned with securing general agreement either by articulating some 'general will' or by securing the acceptance of a majority decision. (Gyford, Leach and Game, 1989, p. 345)

At this level of debate the language used is all about the nature of democracy, the accountability of the local council and the legitimacy of its claims to act on behalf of local residents and other stakeholders. The concept of co-operation in the sense of co-production and sharing of power does not sit at all easily with this kind of language. Instead,

delegate democracy and participatory democracy both place a stress on high levels of political activism; conversely representative and market democracy are more passive variants with the former prepared to place much trust in elected representatives and the latter seeing participation in the market place rather than political activity as the best guarantee of accountability. (Gyford, Leach and Game, 1989, p. 345)

There is no room in either case for the language, let alone the concepts of co-operation and co-production. Citizens are cast either as political activists (delegate and participatory democracy), or passive voters and consumers (representative and market democracy). The one thing all four of Gyford, Leach and Game's variants of democracy have in common is the absence of any role for citizens as co-producers. It may be concluded that there is little chance of local government service providers and service users describing their relationship in terms of co-production.

5.8 Conclusions

To summarise the discussion of the four main elements of a relationship, it may be concluded that relationships between local government service providers and their service users are unlikely, nor are they likely to develop in the three local government case studies used in this research either because insufficient preconditions and elements of a relationship exist, or because they are only present in a weak form. In particular:

- there is only a low level of public trust in government, whether central or local
- shallow commitment to the local council as service provider may exist but it may be of the 'false loyalty' kind

- closeness to the local council is unlikely, although any relationship that does develop is likely to be stable, and stability can substitute for closeness
- co-production (as a surrogate for co-operation) by council and citizens is antithetical to the modern conceptions of democracy at the local level.

This examination of the elements of a relationship leads to a largely negative conclusion about the existence of relationships between local government service providers and their service users and by extension about the applicability of relationship marketing to local government. The next chapter looks at relationships from a different perspective.

Chapter 6: Relationship Models

6.1 Introduction

This chapter introduces and describes the difference between relationship elements and relationship models, and explains the advantage of using the concept of relationship model in this investigation. The ‘model’ of a relationship is a new way of looking at relationships that does not use the traditional relationship marketing elements of trust, commitment, closeness and co-operation which only represent a partial view. Using a culinary analogy, it is proposed that relationships have both ingredients (elements) and a recipe (model), and that the model of a relationship is the more amenable to quantitative and empirical investigation of relationships. The chapter reviews selections from a variety of literature streams and identifies and discusses eight relationship models which could potentially be of use to the marketing of local government services. It then summarises the distinctive features of each model in preparation for the empirical work on local government services, shows how the different models have an underlying common factor, ‘interaction’, and proposes a continuum or spectrum that can be used to classify them. The chapter generates a third research hypothesis (that the models of relationships are the same in local government as in the commercial sector), derived from consideration of relationship models, to add to the two generated by the discussion of local government relationships in Chapter 4. It also adds a second research question, namely to investigate the nature of service provider/service user relationships across all local government services.

6.2 Relationship models and relationship elements

Marketing relationships can be viewed from two main aspects: the **model** of the relationship and the **elements** of the relationship. A culinary analogy will illustrate the point: dishes have both a recipe and a list of ingredients and both are necessary to create the dish itself. Similarly, it is proposed, marketing relationships have both recipe and ingredients and both need to be considered, although it is more useful for the purposes of this investigation to replace ‘recipe’ by ‘model’, and ‘ingredients’ by ‘elements’. Examples of relationship **models** are “win-win”, “contractual” and “taken-for-granted” (these terms are explained later in this chapter); examples of **elements** are trust, commitment, closeness and co-operation – as discussed in the previous chapter.

The model of a relationship is defined to be its shape, form, or structure. The model is what can be perceived from the outside, by a third party as well as by the two parties to the relationship itself. It is the framework within which a variety of emotional elements can flourish. It is also the way in which the elements are put together (like a recipe). Unlike the elements of relationships (or ingredients), such as trust and commitment which were discussed in detail in the previous chapter, the model of a relationship may have certain features which are objective rather than subjective like perceptions or emotions. Examples of these include frequency of use, or payment procedure. Models are therefore not simply aggregations of relationship elements. They are independent of the elements of the relationship. Trust, commitment, co-operation, closeness and contact may be present to a greater or lesser extent in any of the models identified in this study, but they are not enough on their own to differentiate between types of

relationship. This means that the elements alone cannot give much indication about how service users can be expected to behave, and therefore what the marketer's strategy ought to be. But this information is available from consideration of the models, and thus the model of a relationship is the more amenable to quantitative and empirical investigation. To revert to the culinary analogy the ingredients of flour, fat and water may all be present in three different bakery products but it is the recipe that determines whether the output is cake, bread or biscuit.

The original intention of this research was to look only at the elements of person to business relationships. Indeed, the relevance and importance of the models only became apparent after intensive study of trust, commitment, closeness and co-operation in the relationship marketing literature (see Table 5.1). There is a considerable literature on the elements of a relationship (see Chapter 5) and a broad consensus on the two, three or even four most important elements. There is however a gap in the relationship marketing literature, namely the distinction between relationship model and relationship element.

Much of the relationship marketing literature has ignored the models of a relationship and concentrated on the elements, Buttle's summary being typical:

relationship marketing is about healthy relationships which are characterised by concern, trust, commitment and service
(Buttle, 1996, p. 8)

or has implicitly assumed that there is one universal relationship model which fits all contexts, the only differences from one context to another being the varying degrees of trust, commitment, closeness and co-operation. The

multidisciplinary literature produces many examples of distinct models, and it is argued that failure to recognise this in the marketing literature has made studying relationships unnecessarily difficult. In particular, the question of whether service provider/service user relationships exist in local government (and hence whether relationship marketing can be applied in this sector) becomes much more amenable to investigation if the question posed is changed from '*do* relationships exist in the local government context?' to 'what *kind* of relationships exist?'. It should be added at this point that the original plan for the present research was to investigate the correlation between the eight different models and the four main elements as the next phase after the identification of the models appropriate to each of the three embedded case studies. However, as will be shown in Chapter 8, it turns out that there are *no* relationships between service providers and service users in any of the case studies, so that the planned last phase of the research proved to be redundant.

This chapter identifies a set of eight different relationship models, drawn from the literature of biology, communications, economics, marketing, social psychology, public administration and sociology. Worthington and Home provide encouragement for

the prospect of marketers trawling other disciplines for models to use in their research ... for often there are concepts which could prove useful in both the framing and reporting of research. (Worthington and Home, 1998, p. 40)

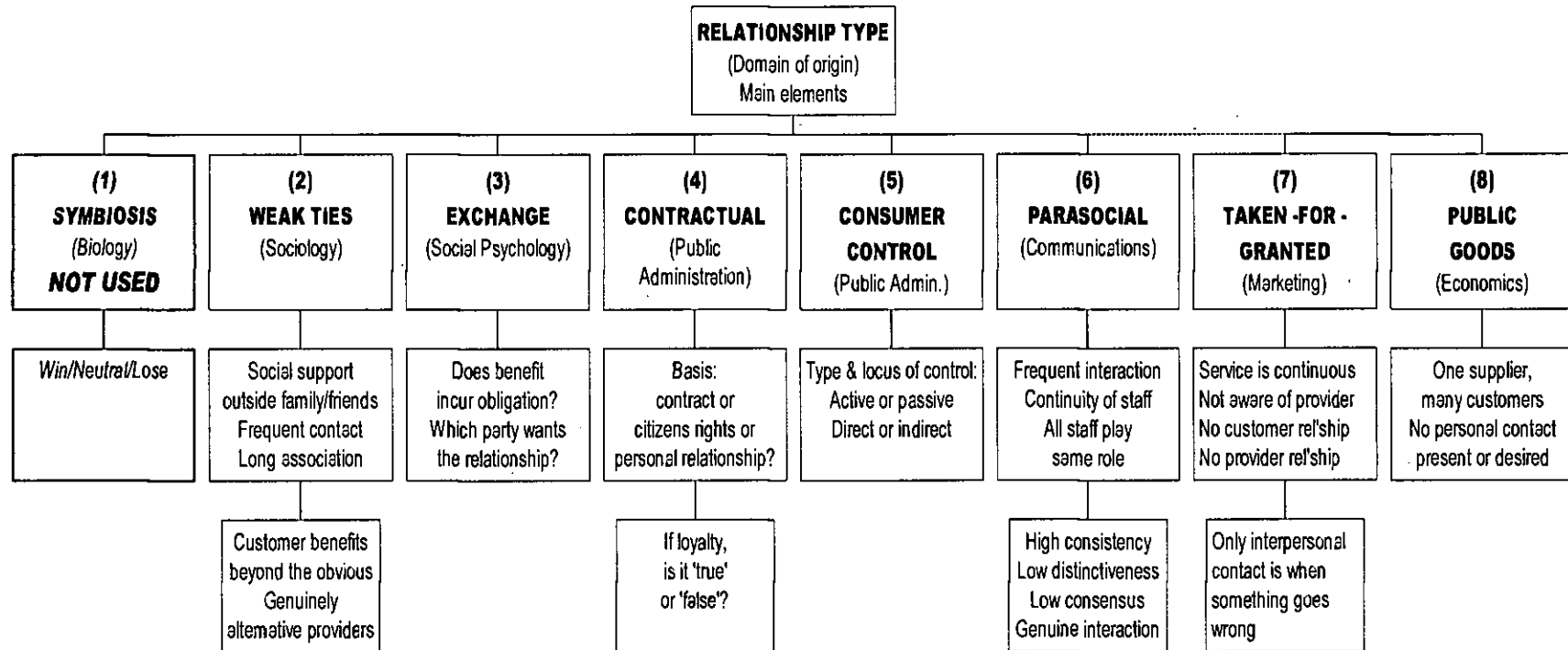
Different disciplines emphasise relationship models and relationship elements to different degrees. Biology and economics, for instance, are largely concerned with models, while social psychology pays more attention to elements. Perhaps

for this reason, previous writers have taken these ideas in isolation, and have not attempted to compare relationship models from different disciplines. The present research makes this comparison. Having identified eight models of relationships in the literature, their distinctive features are now described and will subsequently be used to construct questionnaires to test which (if any) of the theoretical models actually apply in the real world context of local government service providers and service users.

6.3 Eight Models of relationship

Figure 6.1 (next page) shows the eight relationship models, their host disciplines and their distinctive features. The next eight sub-sections of this chapter describe and discuss the different models. They also assess the *prima facie* relevance of the different models to the local government context.

Figure 6.1: Models of relationship, their domain of origin and their distinctive features



The features of each model will now be summarised in preparation for constructing the questionnaires that will be used to test which if any of these relationships models are found in the local government context and hence whether there are any relationships.

6.3.1 A biological model – symbiosis

The first relationship model that is considered, Symbiosis, is the one out of the eight (Figure 6.1, model 1) that could not be used, for reasons that will be explained after the model itself is described. This model originates from biology and revolves around the concept that all relationships have winners, losers and sometimes ‘neutrals’ i.e. neither winners nor losers. Worthington and Home emphasise, in the context of financial service marketing, that

the ability to identify which of the parties in the relationship is winning, as opposed to losing through the relationship is essential if the validity of the relationship marketing paradigm is to be tested in real time
(Worthington and Home, 1998, p. 40).

To do this, they adapt the concept of symbiosis from biology. Symbiosis is defined as “the association or living together of two unlike organisms, for the benefit of each other” (Worthington and Home, 1998, p. 41). This definition of symbiosis is very reminiscent of Buttle’s description of relationship marketing as “concerned with the development and maintenance of mutually satisfying long-term relationships with customers.” (Buttle, 1996, p. 1)

Worthington and Home (1998, p. 41) develop a five part classification of types of symbiosis. They then map a win-neutral-lose typology on to the biological classification, and summarise it as shown in Table 6.1 (next page):

Table 6.1 Classification of Types of Symbiosis

Relationship between parties	Classification	Description
win - win	mutualism	the association of two individuals or organisations of different ideals, both of which derive benefits from the relationship
win - neutral	commensalism	a symbiosis in which one individual or organisation benefits and the other neither benefits nor is harmed
win - lose	parasitism	a type of symbiosis where one individual or organisation adversely affects the other
lose - neutral	amensalism	an interaction between co-existing individuals or organisations of different types, one of which is adversely affected and the other is unaffected
lose - lose	synnecrosis	a symbiosis between individuals or organisations, which is detrimental to both

Adapted from Worthington and Horne, 1998

Symmetry suggests that there should be a sixth type of symbiotic relationship, Neutral-Neutral. However, Worthington and Horne do not mention it, perhaps because it rarely occurs in Nature. On the face of it a relationship in which neither party gains anything is pointless. But it is not inconceivable, and could perhaps be relevant to local government. Imagine a situation in which two parties are forced by some external agent into having interactions of some kind. A regulator - regulated relationship for example could be Neutral - Neutral; neither party may benefit particularly, but it may also be that neither actually loses. The parties are only in the relationship because the law requires it, but each is fundamentally indifferent to the other at the personal level. Once the element of volition is taken out of the relationship, the way is open for Neutral-Neutral relationships. That said, it is difficult to see what behavioural differences there are going to be between a situation in which there is no relationship and one in which the relationship is Neutral – Neutral. It is suspected that for all practical purposes there will not be any observable

difference, and that Neutral-Neutral can be discounted as a potential model of relationships. Setting aside Neutral - Neutral, the most desirable state from the relationship marketer's point of view is mutualism (Win-Win). Commensalism (Win-Neutral) would be second best. None of the other forms of relationship should be acceptable, although they can be found. Gummesson's (1994a) image of the marketer as fisherman and customer as fish exemplifies Win-Lose, for example. Worthington and Horne's terminology of win, neutral and lose is elegantly simple, and looks capable of application in any sector. It works in practice, too. Their paper provides evidence of its application to the financial services sector, specifically to affinity credit cards. It is not surprising that a biological concept can be applied to marketing relationships. Biological concepts apply to organisms. People are organisms, and organisations are frequently described as organisms. The symbiosis concept in particular can easily be applied to a very wide range of situations. Markin and Duncan (1981, cited in Clough, 2001, p. 56) for example, used a threefold classification of symbiosis (parasitism, symbiosis and commensalism) in the context of retailing. In addition to being all embracing, symbiosis is a very simple model for relationships. Yet its very simplicity might prove to be a hindrance. Precisely because it is so simple, it might not be capable of fine discrimination. Indeed, Worthington and Horne's main conclusion is that just one form of symbiosis (mutualism) dominates all the others, at least in the affinity credit cards context.

There is however a greater objection to the use of symbiosis as a way of classifying the models of person to business relationships in local government. The terminology, and the underlying concepts, of winning and losing are quite alien to the public service ethos which is shared by most local government service providers. The idea

that one party might actually lose from an encounter with a local council service generated a strong adverse reaction when presented to a pilot sample of service providers in Barnet in the course of this research, and it was therefore rejected for this research. Consequently the applicability of the Symbiosis model remains untested, but the intensity of the reaction from the pilot group indicated that this model would not be acceptable in the local government context.

6.3.2 A sociological model - weak ties

The Weak Ties model is closely linked to the Parasocial or one-sided model (see section 6.3.6), but there are sufficient differences between the two to justify treating them separately. Sheaves and Barnes (1996) refer to the concept of weak ties as a means of social support. The argument here is that one of the changes taking place in society as a whole is a decreasing reliance on “strong ties”, i.e. the primary bonds of family or close personal relationships. There is a corresponding increase in reliance on “weak ties”. These are defined by Adelman, Parks and Albrecht as

an umbrella concept that covers a wide range of potential supporters who lie beyond the primary network of family and friends. (Adelman, Parks and Albrecht, 1987, p. 126)

Sheaves and Barnes suggest that the umbrella can be thought of as extending to firms and suppliers, and add that

the increasing reliance on weak ties as a means of social support is significant ... [because] in future, the desire for relationships between a firm and its customers will increasingly originate from the customer, not the firm. Thus, a pull strategy will be in effect, which will make the formation of relationships between a firm and its customers that much easier.
(Sheaves and Barnes, 1996, p. 239)

There are distinct echoes here of the parasocial relationship and indeed Cowles observes that

a 'parasocial' relationship marketing strategy would seem to be an especially effective way for a firm to provide the kind of social support that would meet customers' unmet interaction needs. To some extent a 'parasocial' relationship is quite similar to what Adelman, Ahuvia, and Goodwin (1994) refer to as a 'weak-tie' support. (Cowles, 1994, p. 6)

The crucial difference between a weak tie and a parasocial relationship is that the former includes an element of social support, although it is not necessary for both parties to be aware of it. If there is no perception of social support on either side, then any relationship may simply be a parasocial one. This difference suggests two questions for local government services. First, how far do the service providers see themselves as offering social support, alongside the ostensible nature of the service? Second, how far do the service users see themselves as deriving social support from their local council?

The first question can be addressed by asking the service providers whether they think there is any element of social support alongside the service itself. Establishing whether the service users receive social support alongside the service itself is more problematic. Important clues would include the frequency of contact between the service users and the service, perhaps also the duration of their association with the service, and whether or not they perceive that they get anything extra from their association with the library. For example, some library users might receive attention and companionship from the staff in addition to book issuing services, while others might use the library itself as a social meeting place.

While the nature of the library service makes it a prime candidate for the Weak Ties relationship model, there are other local government services which meet the same kind of conditions. Social Services, for instance, although it is not one of the cases included in this research, could be expected to conform to the Weak Ties model of relationships between service providers and service users, because it is a caring service which provides (or, in practice, arranges for others to provide) close, personal and often long term social support. It is concluded that the Weak Ties relationship model is a prime candidate for the local government marketing context, and indeed the analysis of the empirical data in Chapter 8 will confirm that this is the case.

6.3.3 A social psychological model – exchange and communal relationships

Social psychology makes a particular distinction between two types of relationship – the exchange relationship and the communal relationship. First the exchange relationship.

In an exchange relationship, members [of the relationship] assume that benefits are given with the expectation of receiving a benefit in return. The receipt of a benefit incurs a debt or obligation to return a comparable benefit. Each person is concerned with how much he or she receives in exchange for benefiting the other and how much is owed the other for the benefits received.
(Clark and Mills, 1979, p. 12)

Sheaves and Barnes (1996) discussed the exchange/communal distinction with reference to marketing relationships, and made the point that the basic person to business marketing relationship is clearly an exchange relationship, because each party expects to receive benefits from it. In the communal relationship, on the other hand,

... the assumption is that each individual is concerned about the welfare of the other; the exchange of benefits is based on the needs of the other, not on the anticipation that benefits will be received in return. (Sheaves and Barnes, 1996, p. 225)

Using this terminology, it would seem that a commercial, as opposed to interpersonal, communal relationship is impossible without an extraordinary degree of altruism. Sheaves and Barnes disagree. They point to the genuine positive relationships between certain service providers and their service users.

This is certainly the case in service industries that are very “hands-on”, such as physicians, dentists and hairdressers, and may well be the case in very small firms where customers develop more personal relationships with the owners and staff of the business ... the close relationships that develop between small firms and professionals and their customers and clients provide evidence that communal relationships add considerable value for customers that clearly transcends the simplistic concept of exchange. (Sheaves and Barnes, 1996, p. 226)

In principle, there can be movement from one category to another. Adopting the ways of the provider of professional services, or of the very small firm, might well lead to a relationship that is more communal than exchange in nature. However, quite apart from the feasibility of making wholesale changes in working practices, there remains the question which applies to any relationship: who wants it? (Blois, 1995). As Sheaves and Barnes (1996) put it,

For the marketer, the question that needs to be explored further is whether or not a more communal relationship is *desirable* between a firm and its customers, or is it sufficient merely to maintain the exchange relationship? (Sheaves and Barnes, 1996, p. 227; original emphasis)

Social psychology theory positions the concepts of exchange and communal relationships at opposite ends of a continuum: if a relationship is not of the exchange type it must be of the communal type. However, this theory has the serious disadvantage in the context of the present research that it effectively discounts all

other models of relationship. If every kind of relationship can be located somewhere along a single continuum, with exchange at one end and communal at the other, then there is no logical need for any other typology and the other models presented here are redundant. Rather than accept this reductionist view, it was decided to use just the exchange end of this continuum and to treat it as a relationship model in its own right. The exchange end was chosen because exchange is central to marketing theory (see for example AMA, cited in Buttle, 1996; Bagozzi, 1975; Berry, 1995; Callaghan et al., 1995; Christopher, Payne and Ballantyne, 1991; Dibb et al., 1991; Grönroos, 1994a; May and Newman, 1999; Parvatiyar and Sheth, 1994). However, despite this central position in mainstream marketing theory, the exchange concept has proved particularly difficult to incorporate into the theory of public sector or not-for-profit marketing (Beuret and Hall, 1998; Chapman and Cowdell, 1998; Graham, 1994; Hanagan, 1992; Scrivens and Witzel, 1990; Walsh, 1989, 1994). It has also proved difficult to connect exchange theory with relationships, whether in the public or private sectors:

The primary impetus behind the concept of relationship marketing is to foster a long-term relationship and thereby create repeat purchases. *However it is still not clear whether exchange theory can sufficiently explain the existence of relationships.* (Yau et al., 2000, p. 1112. Emphasis added)

Grönroos also highlights this apparent contradiction:

... the basic concept of marketing is the relationship itself rather than the singular exchanges which occur in the relationship. Thus, the concept [of] exchange relationship which is frequently used is a contradiction. Exchange is a concept with a short-term notion where something is given to someone else, whereas relationship has a long-term notion implying an association of two parties. The combination of the two does not make sense. (Grönroos, 1996, p. 8)

Attempts have been made to resolve this dilemma by arguing that exchange is not confined to monetary or indeed any other kind of economic exchange (Chapman and Cowdell, 1998; Frenzen and Davis, 1990; Grönroos, 1994a, 1994b, 1996; Gummesson, 1994a; O'Malley, Patterson and Evans, 1997). In the local government context the dilemma is heightened by the fact that for many of the services provided the 'exchange' is so tenuous. If there is no correlation between the amount of tax paid and the amount of service received, as is very often the case, then where is the exchange?

Others have adopted a Gordian Knot approach to the problem. Hunt simply defines relationship marketing as "all marketing directed towards establishing, developing and maintaining successful relational exchanges" (Hunt, 1994, p. 15) which glosses over the problem rather than resolving it, while Christopher, Payne and Ballantyne also attempt to define the problem away: "Marketing is concerned with exchange relationships between the organisation and its customers" (Christopher, Payne and Ballantyne, 1991, p. 4).

Sheth and Parvatiyar's (2002) approach seeks to define relationship marketing as a subset of marketing analogous to services marketing. For them, relationship marketing

... is an interactive process and not a transaction exchange. This is a fundamental distinction, because marketing is founded on the principle of exchange and transactions. Relationship marketing, however, is all about interaction and activities; it is co-production and co-consumption ... (Sheth and Parvatiyar, 2002, p. 10)

The merit of this approach is that it recognises the fundamental difference between exchanges and relationships, while still retaining relationship marketing within the

broad church of marketing itself. However, the present study is not primarily concerned with the theoretical question of the connection between exchange theory and relationships. The concept of exchange in this context is important because it is a distinctive feature of one potential model of the relationship between local government service providers and service users.

Local government services cover a broad spectrum, as has been shown already.

Within that spectrum, there are some services that are intensely personal in their nature, such as social work with elderly people, or with children and families.

Housing is also a case in point. One would expect to find evidence of interpersonal, communal relationships here if anywhere. Other local government services, such as sports and leisure facilities, fall much more naturally into the category of exchange relationships. It is therefore expected that both types of relationship (communal and exchange) will be found somewhere in local government. There are two distinctive features of a relationship in particular that permit an initial classification as 'exchange' rather than 'communal'.

- *is there an interpersonal element to the service? (If the answer is 'No' then it is probably an exchange relationship)*
- *do both service provider and service user want a relationship? (Again, if the answer is 'No' it is probably an exchange relationship).*

6.3.4 A public administration model - contractual relationships

The fourth model is one of two taken from the field of public administration, the second being Consumer Control, discussed in the next section. Contractual relationships might sound like a contradiction – the whole point of a contract is to

provide a legally binding framework which seems on the face of it like the antithesis of an interpersonal relationship built on trust. The concept of contract is also antithetical to the old idea of services provided to citizens as of right. The New Public Management approach to public services puts the contract centre stage. McLeod and Lee (1993) describe how the nature of the relationship between citizen and state changes when the idea of contract comes in:

[The Citizen's Charter] agenda seeks to redefine citizenship, shifting it from the notion of rights common to all, to a contractual relationship with the public service provider. The citizen is now seen as an economic agent whose entitlement to services is not based on need, but on the fact of paying (through taxation, fares or charges) for these services. (McLeod and Lee, 1993, p. 3)

On this reading there is no scope for interpersonal relationships. Other writers take a less harsh view. Hutton, for example, talks of "relationship capitalism, where contracts are tokens of long-term relationships." Relationship capitalism in his view is

committed and long-term, fostering relations of trust. And trust is as important to economic efficiency as flexibility, allowing the parties to take a long-term view ... (Hutton, 1995, p. xix)

As has already been noted, most writers on relationship marketing see trust as being one of the essential elements of a relationship and also as having a long-term perspective. Perhaps contracts are indeed "tokens of long-term relationships".

Yet, if the service user is in effect a captive of the service provider, locked in to a relationship because there is no alternative, then can one really talk about trust, or indeed the other main element of a relationship, commitment at all? Can one even call the service user's behaviour in staying with the service provider 'loyalty'?

Jones and Sasser (1995) explore this question of loyalty, and distinguish between ‘false loyalty’ and ‘true loyalty’, which was touched upon in Chapter 3. From the provider’s point of view, *true* long-term loyalty is preferable. If the service users are only there because they are bound in to a contract, or because the provider has a monopoly position or imposes high switching costs, then their loyalty may be false. “Whenever [falsely loyal] customers have choices and feel free to make a choice, they act like customers in markets with intense competition: they will only remain rock-solid loyal if they are completely satisfied.” (Jones and Sasser, 1995, p. 90). The concepts of true and false loyalty need to be explored in the local government context. Local authority services are subject to the threat of competition under the Best Value⁴⁰ regime, and it is important for managers to know whether their service users’ loyalty is ‘true’ or ‘false’. False loyalty does not last, true loyalty does. False loyalty may be a sign of a contractual relationship, true loyalty of a more personal one. This distinction can have implications for both the quality and the marketing of local authority services. The applicability of the contractual model to local government services hinges on two issues: the extent to which the New Public Management theory matches the reality of local government service delivery, and the nature of the loyalty that local government service users feel towards their service providers, i.e. is it true loyalty or false loyalty?

⁴⁰ “Best Value” is the name given by the Government to a “duty [on local authorities] to deliver services to clear standards – covering both cost and quality – *by the most effective, economic and efficient means available*.” (Department of the Environment, Transport and the Regions, 1998, p. 1; emphasis added). One of the implications is that delivery of local authority services can be taken over by private sector or other providers, and this is happening more and more.

6.3.5 A second public administration model – consumer control of public services

The second public administration model of a relationship relevant in the context of local government service provision is consumer control. Much of what has been written about marketing in general, and some of what has been written about relationship marketing in particular, adopts the service provider's perspective. The service user is seen, at worst, as someone to be manipulated and tricked into parting with their cash (Gummesson, 1994); at best as co-producer of a service whose ultimate purpose is the economic benefit of the service provider. There is another perspective, that of the consumer. This perspective has been studied at length and in its own right, especially in the public sector, where the idea that service users have rights, and are not just passive consumers, has been widely adopted (Bailey, 1993; Barnes and Walker, 1996; Hood, Peters and Wollmann, 1996; Walsh, 1994). It is therefore important to include the role of the consumer in examining models of relationships between local authority service providers and service users. Hood, Peters and Wollmann examine different roles which consumers of public service provision can take up. Figure 6.2 below (adapted from Hood, Peters and Wollmann, 1996, p. 45) summarises their typology.

Figure 6. 2 The role of consumers in public service provision

	Direct control (consumer shapes product or service at first hand)	Indirect control (consumer exerts power over product/service at second hand)
Active control (consumer has proactive or directive role)	<i>Co-production (e.g. Neighbourhood Watch)</i>	<i>Representation (e.g. consumer survey)</i>
Passive control (consumer has reactive role, is involved as balance-tipper or trigger for action by others)	<i>Product choice (e.g. private schooling or healthcare)</i>	<i>Regulation (e.g. Citizens Charter)</i>

The main distinctions in this model are between active and passive control by consumers, and between direct and indirect control. In each case the emphasis is on the locus of control. For example, there are services where the consumer has an active role, one where they can direct or shape the path that the service takes so as to make it more suitable to their own ends. Within this classification there is the distinction between Direct control and Indirect control. The combination of active and direct control is quite unusual in public services, and indeed Hood, Peters and Wollmann were only able to find one example – Neighbourhood Watch – where the consumers of the service are genuinely in charge of what the service delivers and how it delivers it. Much more common is the combination of active and indirect control, as typified by consumer surveys. The two kinds of passive control in this typology are also comparatively unusual. Nonetheless, the typology of active versus passive, and direct versus indirect, is very useful in describing the consumer control model of relationships.

Some approaches to marketing liken the relationship between firm and customer to the relationship between fisherman and fish (Gummesson, 1994). Hood et al's focus on control performs a similar service for consumerism, leaving no room for any kind of relationship other than the adversarial. This adversarial view of consumerism derives from a political stance. There are unavoidable political choices to be made about the type of public service consumerism that is adopted, because not all consumers will benefit equally:

... there is no single way to 'empower' public service consumers, and the question of *who* is to be counted as a 'consumer', *how* they are to be 'empowered' and *against whom*, raises issues which take us into the heart of politics.
(Hood, Peters and Wollmann, 1996, p. 50; original emphases)

The Hood, Peters and Wollmann analysis raises political issues that go a long way outside the usual boundaries of marketing as a discipline. Nonetheless, it is important to remember that there is a political dimension to encounters between citizen and local authority, and that no account of this encounter can be complete without some mention of the political dimension. At its most formal, this dimension is expressed in the fact that service users are not only consumers but electors too (with a few exceptions, which do not detract from the general point). The consumer control model of relationships is included in this research in recognition of the importance of the political dimension. Since all council services are ultimately controlled by elected politicians, the political dimension is present in all of them to varying degrees. Whether this objective fact dominates the perceptions of service providers and service users as would be expected from the consumer control relationship model, and whether its prominence varies from one service to another, are questions that this research seeks to clarify.

6.3.6 A communications model – ‘parasocial’ or one-sided relationships

The parasocial or one-sided relationship model is derived from the communications literature and is proposed by Cowles (1994) to offer the advantages of relationship marketing to organisations unable to develop inter-personal relationships with customers. Perse and Rubin (1989) use an analogy from television viewing:

Parasocial interaction has been conceptualised as an imaginary, one-sided friendship a television viewer has with a mass communication ‘persona’ or character ... [the relationship being based on] reduction of uncertainty and the ability to predict accurately the feelings and attitudes of the persona ... Like social relationships, parasocial relationships develop over a period of time and are enhanced when media presentations resemble interpersonal interaction.
(Perse and Rubin, 1989)

Cowles reinforces this with the observation

a primary benefit of strong 'parasocial' relationships in this context is loyal viewership, or a long-term relationship with the program itself and its characters, not specific actors or actresses.
(Cowles, 1994, p. 2)

and outlines the prerequisites for a parasocial relationship, namely (1) a lack of genuinely interpersonal interaction, which is compensated for by (2) frequent interaction; also (3) variability of contact personnel, which is compensated for by (4) the employees all playing the same role, and perhaps even reading from the same script.

Since Cowles' prerequisites are to be found in a number of local government services, a parasocial relationship could indeed develop between local government service users and their service providers. It should also be possible to test for the existence of a parasocial relationship in the local government sector. However, establishing a relationship is one thing; building and growing it is another, and Cowles also looks at the process by which organisations build relationships. The "traditional" approach encourages service users to deal with one specific contact person. The relationship is encouraged to grow by the 'attributions'⁴¹ made by the service user both during and after service encounters. Clearly this will be more difficult to achieve if the service user is faced with a succession of different contact personnel, although as Cowles argues it is not impossible if the key features of a parasocial relationship are present. According to the communications literature, there are three principles on which service users make attributions about behaviour: consistency, distinctiveness and consensus.

⁴¹ "The main aim of attribution theory and research is to define the means by which individuals understand and explain behaviour" (Monson 1983, p. 283).

In a 'traditional' relationship marketing setting, when a customer receives good service consistently from a specific contact person, the customer attributes the cause of the good service to be internal to the contact person (as opposed to the external environment). In attribution theory, such a situation would be described as 'high consistency'.

When the customer receives good service from this particular contact person in a variety of situations (e.g. by phone, in person, via mail) and across product categories, the consumer again attributes the cause of the good service to be internal to the service provider ('low distinctiveness').

Finally, when the customer feels the good service is unique among service providers (which often is the case, since customers tend to search for satisfactory service until they find it), then the cause of the good service will be attributed to characteristics of the service provider (an example of 'low consensus').
(Cowles, 1994, p. 4)

Attribution theory helps to explain how relationships can grow and strengthen through repeated transactions or encounters - albeit with specific contact personnel. Cowles' argument is that the same thing can happen in a parasocial relationship with a transaction-oriented firm. For example, if the customer receives good service every time they visit a particular retail store, this is 'high consistency'. If they receive good service in a variety of circumstances and across product categories, this is 'low distinctiveness'. If they perceive that this level of service is unique amongst retailers this is 'low consensus'. Thus a strong parasocial relationship features high consistency, low distinctiveness, low consensus, frequent interaction of a non interpersonal kind and interchangeable contact personnel, and all these can be found in certain local government services – for example the Environmental Health service. This research will therefore investigate, amongst other things, the suitability of the parasocial as a model for local government relationships.

6.3.7 A marketing model: taken-for-granted

The origin of this model can be traced back to the economics literature, although it has subsequently been adapted for use in a marketing context by Barnes and Barnes (1995), Sheaves and Barnes (1996) and Barnes (1997). Barnes and Barnes (1995) define taken-for-granted services as:

delivered continuously and automatically ... [and] taken-for-grantedness refers to the unconscious assumption that someone or something will behave in the same manner as in the past, that they or it will always be there when needed ... [and] the presence and the effort of the other is typically unacknowledged. When a service is taken for granted ... the interaction is automatic, unconscious unless and until something goes wrong. At this point some interpersonal interaction may be necessary to resolve the problem.
(Barnes and Barnes, 1995, p. 1)

To date, most of the work on taken-for-granted services relates to the private sector. This is rather surprising, since local authority services appear to fit the definition of taken-for-granted very well, as the finding of the 1998 Audit Commission survey (quoted in Chapter 4, p. 73) demonstrated. Similarly, Rao (1999, cited in Chivite-Matthews and Teal, 2001, p. 2) found that “most people (90 percent) are simply not interested in local politics.”

Berry described something very similar to taken-for-granted services, without using the term itself. Writing of the necessary preconditions for relationship marketing, he listed “an ongoing or periodic desire for the service on the part of the customer, e.g. telephone or janitorial service versus funeral home service.” (Berry, 1983, p. 25).

Later writers, Barnes for instance, took the basic idea and refined it. He did not, for example, bracket together telephone service and janitorial service. Indeed in Barnes and Barnes (1995) the examples given to illustrate the distinctive features of taken-for-granted services are telephones, electricity and cable television, not a janitorial or

other service involving frequent personal contact. One could add gas, water, sewerage and refuse collection. They are all unseen, taken-for-granted, services that make up part of the infrastructure of civilised living. They all have to be provided by someone, but there is little opportunity for developing a relationship between service provider and service user. As Sheaves and Barnes put it:

How a person behaves does not necessarily reflect how that person feels about the individual towards whom the behaviour is directed ... just because a consumer buys a good or service does not mean that the consumer feels he or she has a relationship with the firm ... few would consider that they have a relationship with their electricity company *or their municipal council*.
(Sheaves and Barnes, 1996; p. 222, emphasis added)

In the situation of taken-for-grantedness the service user has no reason to develop (let alone want) a relationship with the service provider, and the interaction is automatic and unconscious until something goes wrong necessitating some interpersonal interaction to resolve the problem.

This definition of taken-for-granted contains a further feature, which is not usually associated with local government, namely the use of technology. For Barnes and Barnes, the importance of technology is that it accentuates the lack of direct interpersonal contact with the provider. In the end service users believe it is the technology and not the service provider that actually delivers the service. This dissociation is important because it can have the consequence that “the company may not get the credit for delivering superior technical core service, and will be vulnerable to competition” (Barnes and Barnes, 1995, p. 4). Barnes and Barnes’ research into public utility service users in both Canada and Ireland concludes that

as the reliability and consistency of technology-driven utility services has improved over recent years, customers appear to have begun to dissociate the service from the supplier. When asked to

describe their relationship with a utility, many consumers appeared puzzled and replied that they did not have *any* relationship with the company. (Barnes and Barnes, 1995; p. 2, original emphasis)

The recent trend (Bogle, 1997) in the UK towards joint supply of utility services (gas companies supplying electricity for example) might be expected to intensify this dissociation, since even the name of the service provider will no longer describe the service they supply.

Does this transfer across to local government? Most local government services are hi-touch and low-tech⁴², not hi-tech, so that one might expect on the basis of Barnes and Barnes' paper that there will be little dissociation of service from service provider. In practice, however, service users for some local government services do indeed dissociate the service from the provider, and do so to a striking degree. The provision of schools in the London Borough of Barnet is a case in point. The council spends approximately half its total budget on schools and education – some £168 million on this one service in 2003/2004 (source: Barnet Council budget statement, 2003/2004) and similar proportions in earlier years. An independent market research company surveyed more than 500 Barnet residents on behalf of the council. Statistical analysis of the survey data revealed that the ordinary resident failed to associate the service of education (traditionally the biggest spender of all local government services) with Barnet Council the provider of that service (May, 1996). It is concluded that in the local government context it is the dissociation of service from service provider that distinguishes taken-for-grantedness, and not the difference between high-tech and

⁴² Library and information services are exceptions to the general rule of 'low tech' (see for example Bellamy, Horrocks and Webb, 1995).

low-tech. Moreover, the taken-for-granted model appears to fit local government service provider/service user relationships very well.

6.3.8 An economics model – public goods

Most of the models explored in this chapter involve a clearly identifiable service user who may or may not have a relationship with the service provider. There is however an important class of services for which there is no identifiable service user. This is the class of what the economics literature calls ‘public goods’ (Lipsey and Chrystal, 1995; Butler and Collins, 1995; Walsh, 1989, 1994). Examples are street cleaning, street lighting and the provision of parks. In these cases there is an identifiable service provider, but at any particular moment the good itself may be enjoyed by one person, by thousands of people or by no-one at all, and there is no direct connection between consumption of the good or use of the service, and paying for it. The service continues to be provided irrespective of the number of users, unless and until there is a legislative decision to terminate it, or transfer the responsibility for providing it to some other agency.

The public goods model has much in common with the taken-for-granted model, in that although public goods are taken-for-granted, not all taken-for-granted services are public goods. For example, street lighting is a public good and is also taken-for-granted in the sense defined in the previous section. On the other hand telephony is taken-for-granted but the arrival of the telephone bill proves that it is not a public good.

How can there be a relationship between service provider and service user in this situation? Indeed, how can there be any form of marketing, whether relationship or transactional? In order to answer these questions it is necessary to look a little more closely at what the economists say. Economists define a public good as “one for which the total cost of production does not increase as the number of consumers increases” (Lipsey and Chrystal, 1995). One consequence of this definition is that

once a public good is produced it is available to everyone; its use cannot be restricted to those who are willing to pay for it. For this reason the private market will not produce efficient amounts of the public good, because, once the good is produced, it is either inefficient or impossible to make people pay for its use. Indeed, markets may fail to produce public goods at all whenever non-payers cannot be made non-users. The obvious remedy in these cases is government provision of the good, paid for by taxes. (Lipsey and Chrystal, 1995, p. 421)

Put another way, the nature of a public good seems to rule out the existence of any individual relationship between provider and service user. As Butler and Collins (1995, p. 87) put it, the “provider must acknowledge the imperfect link between provision and payment.” Does this not rule out marketing completely?

The conventional approach to marketing in this situation is not even to attempt to establish a link with individual service users. Instead, one treats the whole population as potential service users and markets public goods by straightforward promotional activities, aiming to educate and persuade the public as a whole rather than individual members of it. Much social marketing is of this kind (Beuret and Hall, 1998; Chapman and Cowdell, 1998; Dibb et al., 1991; Hastings, 1988; Local Government Training Board, 1985; May and Newman, 1999; Scrivens & Witzel, 1990) and would seem to rule out the formation of relationships between provider and service user.

There is however still the possibility of a relationship forming between an *employee* of the provider of a public goods service and the service users. A focus group discussion run in Barnet in 1999 on street cleaning, for instance, came up with the idea of a locally based street cleaner, “with whom residents in a neighbourhood could associate” (Rice, 1999) or build up a relationship. The group considered this to be one of the most effective things the local authority could do to improve the street cleaning service. Two years later one such street cleaner was nominated in the local paper (Edgware and Mill Hill Times, 25 October 2001) as an “unsung hero”, and awarded the title Street Cleaner of the Month. There is a considerable literature (Barnes and Barnes, 1995; Berry, 1995; Christopher and McDonald, 1995; Grönroos 1994b; Gummesson, 1994a; Perrien and Ricard, 1995; Reynoso and Moores, 1996; Webster, 1992) on the importance of employees in the development of services and relationship marketing. In brief, the literature emphasises that employees become steadily more important to relationship building as the service itself becomes more intangible. The staff actually become the service, in the eyes of the service users. It can be argued that this applies to at least some public goods such as refuse collection or street cleaning, and, incidentally, offers a new and promising way to market them. Establishing a personal relationship between provider and service user is, after all, one of the relationship marketer’s main objectives.

As to testing the relevance of the public goods model in local government, certain conditions would have to be met. First, there must be no individually identifiable service users. A number of local government services, such as parks, satisfy this condition. Second, there must be no direct financial link between service user and provider. Again, there are number of services which meet the condition, such as

refuse collection which is paid for out of the council tax collected from every household and not on a fee per collection basis. Third, if there is any marketing activity, it will almost certainly be of the mass communication and persuasion variety. Few local authorities practise individually targeted communications or marketing, so this condition is also likely to be met. Fourth, there should be the potential for relationship formation between individual service users and council employees, as described above. Thus the public goods model seems applicable to some local government services, and can be used as a basis for marketing those services. It also, in some cases, has potential for relationship formation and hence perhaps for relationship marketing, in some local government services.

6.4 Summary of the models of relationships

This section summarises the distinctive features of the seven relationship models to be investigated. These features will be operationalised as part of the research, and used to construct the service provider and service user questionnaires which will investigate models of person to business relationships in local government. Figure 6.3 (next page) presents the distinctive features of the seven models used in this research.

Figure 6.3	Distinctive features of the seven models
(1) Weak Ties	1.1 Service providers think they provide an element of social support 1.2 Service users derive some social support from the service 1.3 There is frequent contact with the service 1.4 Typically the association with the service has lasted for a long time 1.5 There are no alternatives to the local council as service provider
(2) Exchange	2.1 There is no interpersonal element to the service 2.2 Neither service provider nor service user want a relationship 2.3 Service user records keep little detail about the service users 2.4 Service users pay directly for the service 2.5 Charges are directly related to the service user's ability to pay
(3) Contractual	3.1 The relationship is based solely on a contract, nothing else 3.2 If there is service user loyalty, it is 'false' loyalty 3.3 There are rules governing who is eligible to use the service 3.4 There are published price lists 3.5 The service users actively prefer public to private provision
(4) Consumer Control	4.1 There are regular user surveys 4.2 The service always responds directly to user demands 4.3 Users are directly represented on the management of the service 4.4 It is the council that determines targets and goals for the service 4.5 There is an independent watchdog to monitor the service
(5) Parasocial	5.1 There is genuine interpersonal interaction between provider and user 5.2 There is continuity of contact personnel 5.3 All employees play the same role 5.4 Service user receives a good service every time (High consistency) 5.5 The service user receives good service in a variety of circumstances, and from different Barnet Council services (Low distinctiveness) 5.6 Service user regards this level of service as unique (Low consensus)
(6) Taken-for-granted	6.1 The service user takes the provision of the service for granted 6.2 The service user is aware of the identity of the service provider 6.3 The service user does not associate the service with the provider 6.4 Neither party thinks there is a relationship 6.5 Interpersonal contact between service user and provider is restricted to when something goes wrong
(7) Public Goods	7.1 The service itself a public good 7.2 There is no personal contact between staff and public 7.3 The public are happy not to have any personal contact 7.4 Any marketing activity tends to be "telling" rather than "selling" in tone

6.5 Linking the models together

Notwithstanding their deep differences, further consideration of the seven models suggests that they can be placed on a single spectrum, based on one common or underlying dimension – see Figure 6.4 below. This dimension embraces elements of interpersonal contact, has an affective element and also has elements of mutual exchange. One might call it ‘intimacy’ (Stern, 1997) or ‘reciprocity’ (Sheaves and Barnes, 1996) or ‘interdependence’ (Iacobucci and Hibbard, 1999). The term ‘interaction’ is chosen for use in this research because it can apply equally to emotional or structural relationships.

Figure 6.4 The spectrum of interaction

<u>High interaction</u>		<u>Some interaction</u>		<u>Low interaction</u>	
Weak	Exchange	Contractual	Consumer	Parasocial	Taken for
Ties			Control		Granted
					Public
					Goods

The positioning of the models along the spectrum in Figure 6.4 is subjective, being this study’s assessment of the models’ degrees of interaction between service providers and service users. Others, whether academics or practitioners, may well take different views on the precise placing. However, the main reason for introducing the spectrum of interaction is to show that despite their differences, the seven relationship models have an important and powerful factor in common. Further research will be needed to explore the associations between this common factor, interaction, and the elements of a relationship as discussed in Chapter 5. In the meanwhile the spectrum of interaction might prove a useful tool for thinking about the relationships between local government service providers and service users. It is for example of great practical importance that

service providers should be able to analyse how their staff perceive their relationships with their service users, i.e. which model(s) they subscribe to. The spectrum of interaction could enable an experienced marketer quickly (if roughly) to assess the degree of interaction between service user and service provider, and hence to decide which relationship model is applicable and which marketing strategy is most appropriate.

6.6 H.3 and the second research question

The concept of relationship model underlies the third research hypothesis and the second research question as set out in Chapter 1. Chapter 4 developed a research hypothesis (H.1) that there is an exclusively 'local government' model of relationships, but did not develop it very far. Consideration was given to creating 'local government' as a ninth relationship model to add to the eight already identified; however there is little if any guidance from the local government literature on what the distinctive features of such a relationship would be. It was also felt that it would be premature to develop such a model until it had been shown that there was a need for it, i.e. that none of the models already identified was valid in the local government context. If any of the other relationship models were valid in this context then there would be no need for an exclusively local government relationship model. This then leads to the third research hypothesis:

H.3 Marketing relationships are perceived in the same way in both the local government and the commercial sectors.

The second research question concerns the extent to which one relationship model will describe all local government services. The local government model

implies precisely this, in contrast to the earlier review of the different commercial models, which suggested that some will be applicable to one service and others to another. It is this “one size fits all” quality of the hypothetical local government relationship model that will permit its validity to be tested in an unequivocal way, and suggests the second main research question for this study, namely to investigate the nature of service provider/service user relationships across all local government services. It will be seen in the next chapter that the services studied in this research have been chosen to represent some of the wide variety of types of local government service provided by a unitary authority such as a London Borough. This approach should maximise the chance of detecting differences by type of service.

The question of whether relationships of the appropriate kind for the application of relationship marketing exist in local government has now been examined from a number of perspectives. These largely theoretical considerations have produced conflicting results, with some evidence supporting the view that the local government environment is supportive of relationships between service providers and their service users, while other evidence tends towards the contrary view. The next three chapters of this thesis describe the empirical work that was undertaken in an attempt to resolve this question. The next chapter gives an account of the research design and methodology employed.

Chapter 7: Methodology

7.1 Introduction

This chapter begins by considering the philosophical bases for research and shows how, although one philosophical basis (positivism) in particular informs the present work, the overall strategy is best described as 'eclectic'. The chapter describes how the relationship models developed in the previous chapter were used to form the data collection instruments for the empirical phase of this research. The three Barnet Borough services chosen as case studies are described, and a typology provided to account for their selection. The first questionnaire to be developed (for Library staff) is described in some detail, while the other five - being variations on the first - are mentioned briefly. The selection of survey respondents for each of the six surveys is also described: all staff in post in each of the three case study Services at the time of the survey were selected; all users of the Pest Control Service (acting as surrogate for the Environmental Health Service as a whole) over a 12 month period were selected; all Library users who were members of Barnet's Citizens Panel at the time were selected and so were a random sample of current Benefits Service users⁴³.

7.2 The philosophical basis for the research

The philosophy of a piece of research is a concern that is perhaps more prominent in social science than in the so-called 'hard' sciences, such as physics. This in turn may well be because the hard sciences broadly speaking have only one research paradigm, positivist, whereas social science lays claim to a methodological continuum which runs from positivist to interpretivist (Easterby-

⁴³ Details of response rates for all six surveys are given in Chapter 8.

Smith et al, 1991; Gill and Johnson, 2002; Bassey, 1999). These terms will be defined shortly, after a brief discussion of the role and usefulness of the research paradigm in research practice:

A research paradigm is a network of coherent ideas about the nature of the world and of the functions of researchers which, adhered to by a group of researchers, conditions the patterns of their thinking and underpins their research actions. (Bassey, 1999, p. 42)

Research paradigms serve several useful functions within a discipline. They highlight important problems and issues, and help to establish models and theories which can explain these issues. They generate criteria by which the appropriate methodology can be selected and applied (Bryman, 1992) and, critically, they provide insight into epistemological questions – “how do we know what we know?” To a large extent the researcher’s choice of research paradigm will dictate the choices and decisions made in staking a research position – with implications for what, why and how research is carried out (Carson et al, 2001). Thus they can serve to legitimise research practice, and to support claims for its validity and significance. Indeed it has been argued (Gill and Johnson, 2002) that the research process can only retain its integrity and validity if the philosophical foundations of its methodology are examined, explained and understood. Thus the positivist and interpretivist paradigms are explained and the link between a particular philosophical position and the choices made in designing the present research is presented. It is not claimed that other approaches would have been invalid, or unsuccessful in their own terms, simply that the choice of what to study, and how to study it, is consistent with the positivist philosophy.

7.2.1 Positivism and interpretivism

The terms positivist and interpretivist have a variety of other names. The positivist paradigm is also described as natural science based, hypothetico-deductive, quantitative or simply 'scientific', while the interpretivist paradigm has also been called ethnographic, phenomenological and qualitative amongst other things (Robson, 1993, p. 18) (although strictly speaking phenomenology and ethnography are particular approaches to research within the overall interpretivist paradigm rather than synonyms for it).

To the positivist there is a reality 'out there' in the world that exists whether it is observed or not and irrespective of who observes ... Discoveries about the reality of human actions can be expressed as factual statements – statements about people, about events and about relationships between them ... Positivist researchers do not expect that they themselves are significant variables in their research ... Because things and events are real irrespective of their observer, positivists have little difficulty in giving them descriptive labels [which, provided they are carefully defined] are not seen as problematic and so [can be] subjected to statistical analysis. (Bassey, 1999, p. 42)

The interpretivist researcher on the other hand

cannot accept the idea of there being a reality 'out there' which exists irrespective of people, for reality is seen as a construct of the human mind. People perceive and so construe the world in ways which are often *similar* but not necessarily the *same*. So there can be different understandings of what is real ... Interpretive researchers reject the positivists' view that the social world can be understood in terms of general statements about human actions ... Interpretive researchers ... recognise themselves as potential variables in the enquiry ... The data collected by interpretive researchers are usually verbal... Sometimes interpretive data can be analysed numerically but more usually they are not open to the quantitative statistical analysis used by positivists. (Bassey, 1999, p. 43)

In terms of the research aims characteristic of each paradigm, the positivist seeks to explain patterns of behaviour while the interpretivist seeks to establish the motivations and actions that lead to these patterns of behaviour (Baker, 2000).

The two contrasting labels quantitative and qualitative are often used to sum up the differences between the two research paradigms:

The positivist view of the world is synonymous with the quantitative paradigm, while the [interpretivist] view of the world is the qualitative paradigm. (Deshpande, 1983, p.10)

The origins of transactional marketing in microeconomic theory, combined with its domination by North American academics enforced a quantitative perspective on empirical research in marketing for a long time. Traditionally in marketing the scientific method has been seen as more rigorous and more likely to yield valid results (Baker, 2000, p. 69), and many marketing practitioners still prefer the apparent security of the quantitative approach, with its array of mathematical and statistical tools that echo the supposed certainty about research findings that characterises the 'hard' and prestigious sciences. Many marketing academics on the other hand have long recognised that this may not be appropriate:

Key factors in marketing are essentially socially constructed: human beliefs, behaviours, perceptions and values. Hence it is important to employ research methods drawn from this perspective, such as observation and qualitative interviews. (Easterby-Smith et al, 1991, p. 42)

It might be thought that an area of investigation such as human relationships is quintessentially interpretivist. Ambler and Styles (2000, p. 496) for example have listed five areas largely associated with positivist research that have detrimentally affected research into relationships, of which the first is the reductionism of the positivist paradigm. In similar vein Coffey and Atkinson say that

Reductionist arguments are always distressing given the variety and complex organisation of the social world. They reflect mentalities that cannot cope with the uncertainties and ambiguities of social research. (Coffey and Atkinson, 1996, p. 15)

Name calling like this does not advance the argument, but it does illustrate the strength of the opinion that only the interpretivist paradigm is appropriate for marketing research. The existence of more than one research paradigm in a discipline forces the researcher to make explicit his or her choice of 'mode of engagement' (Morgan, 1983), the philosophical assumptions researchers make when they decide on a particular methodology.

Empirical research is not simply a choice of method ... [but] part of a wider process ... and the selection of method implies some view of the situation being studied, for any decision on how to study a phenomenon carries with it certain assumptions, or explicit answers to the question 'what is being studied?' (Morgan, 1983, p. 19)

What is being studied in the present research is whether existing thinking on marketing relationships can be applied to the local government context. Phillips and Pugh (1994) call this 'testing-out research', which in itself tends more to the positivist than the interpretivist paradigm. What is being studied here is *theory* about social phenomena, and the validity of that theory in a new context, rather than the social phenomena themselves. Theory about service provider/service user relationships already exists, as shown in the previous chapter. The positivist viewpoint would be to concentrate on the applicability or otherwise of the existing theory in a new context, while the interpretivist would be more likely to set about building new theory from within the new context.

In keeping with the positivist nature of testing-out research the procedure adopted here will be to test three hypotheses. The three hypotheses are:

H.1 There is a distinctive relationship which is found in the local government context.

H.2 Users of council services do not have any relationship with their council.

H.3 Marketing relationships are perceived in the same way in both the local government and the commercial sectors.

The particular method chosen to test these hypotheses is positivist in nature. The approach to the second research question will also be largely positivist. There are a number of descriptions of relationships (called “relationship models” in this study) in the review of different literature streams. As has already been seen, the descriptions of relationships are well specified – the literature supports the premise that a relationship of a certain type (model) will have certain key features. These features can be operationalised into a series of statements and questions, and these in turn can be incorporated in survey questionnaires. In effect, each relationship model can be broken down into a number of components, and groups of service providers and service users can be asked how far each component matches their own perception of the relationship between them. The underlying assumption here is that these components are ‘real’, can be labelled and can be subjected to statistical analysis, thus conforming to Bassey’s earlier definition of the positivist paradigm. It is not ‘reductionist’ to use this approach, it is matching research technique to research task.

Thus the present research makes most use of quantitative methods, although qualitative analysis of service provider and service user comments also plays an important part and in fact a computer assisted qualitative data analysis software (CAQDAS) program (NUD*IST) was used extensively in the analysis of the literature review. Thus the present research combines methods from different parts of the methodological continuum, in what Gill and Johnson (2002) call ‘methodological pluralism’, using different methods at different times. Indeed, it

has been argued that restricting oneself to one set of techniques, or to qualitative research as a paradigm in its own right is unhelpful, if not wrong. A variety of approaches can produce better results (Coffey and Atkinson, 1996, p. 13).

Eclecticism as a strategy in its own right has much to commend it:

Different kinds of information about man and society are gathered most fully and economically in different ways, and the problem under investigation properly dictates the methods of investigation. (Trow, 1957, p. 33)

although Gill and Johnson (2002) have expressed the contrary view that combining research methods may result in contradictory rather than complementary evidence. This research adopts an eclectic stance in that the overall design is that of an embedded case study, which is conventionally associated with the interpretivist or sometimes with an eclectic paradigm. The three embedded cases are studied using predominantly positivist techniques. It is argued that this research design is the most appropriate for the task in hand, and turns to advantage the constraints on a part-time student with limited access to data subjects outside his immediate employer.

7.3 Case study and the problem of generalisation

There is a single case in this research, namely one London Borough. Embedded within the overall case are three subsidiary cases, namely the three services chosen for investigation. A theoretical problem sometimes associated with this kind of design is the problem of “How can you generalise when n [the sample size] = 1?” (Bassey, 1999, p. 30). In the present instance there is survey

evidence⁴⁴ to the effect that Barnet is a typical London Borough and that therefore statistical generalisation to other London Boroughs is acceptable. Thus Yin's (1994) argument that

a fatal flaw in doing case studies is to conceive of statistical generalisation as the method of generalising the results of the case (Yin, 1994, p. 31)

does not apply. Nonetheless, the concept of 'analytic generalisation', often recommended in place of statistical generalisation for generating theory from case study (Yin, 1994), can be used in this work. Analytic generalisation requires some pre-existing body of theory to be

used as a template with which to compare the empirical results of the case study. If two or more cases are shown to support the same theory, replication may be claimed. (Yin, 1994, p. 31)

In the present study there is an existing body of knowledge regarding different kinds of relationship, and the purpose of the research is to compare empirical results from three embedded cases with that pre-existing body of theory or 'template' in Yin's word. Thus the design of this research conforms to the notion of case study as defined by Yin, which is why the technique of analytic generalisation from three embedded cases within a single case study will be used to draw conclusions from comparison of the empirical data with the pre-existing knowledge about relationships. At the same time, and in keeping with the research strategy of methodological pluralism, statistical generalisation will be used to generalise from the three Barnet embedded cases to a wider population of local councils, namely London Boroughs.

⁴⁴ For example the annual Residents' Attitude Survey that has been carried out by Barnet and between 12 and 15 other London Boroughs each year for the last seven years.

7.4 Research design

There are some 450 councils in England and Wales. It was decided to choose just one (London Borough of Barnet) for this investigation, primarily for access reasons, since the researcher was employed by them throughout the duration of this research. Global permission was negotiated to access council documents (those in the public domain only) and to collect relevant data from council staff as service providers and Barnet residents as service users. Specific permissions to contact staff were then sought from the managers of the services chosen for detailed study. Formal permission to contact service users themselves was not sought in advance, but it was explained to them that some customer research was being carried out and that, while their co-operation would be very helpful to the council, there was no obligation on them to take part. A further reason for choosing Barnet was its status as a London Borough. As a unitary authority (see Chapter 4, p. 60) Barnet carries out a wider range of local government functions than most other councils, which reinforces the generalisability of the findings. It was reasoned that the great range of services provided by Barnet would permit a greater choice of services for study, in case of difficulties of access, and also a greater variety of services.

A London Borough provides well over 200 different services to its resident population and those who pass through the borough or work, study or socialise within its boundaries. It was decided to select three services for detailed investigation in an embedded case study design. The two criteria used to choose the three services (Libraries, Environmental Health and Benefits) were that they should be different and that they should cover the major types of local

government activity. The first criterion is important because it maximises the value to be obtained from scarce research resources, rather than duplicating findings from similar services. The second criterion is self-explanatory.

A typology of services was required to illuminate the similarities and differences between services so as to identify the major types of local council service and aid in the selection of three. Most councils classify their services on administrative grounds, which is unhelpful because administrative similarities or differences are relatively superficial, and not generally based on customer experience of the service encounter. A new typology was therefore developed, and is shown in Table 7.1 on the next page. It will be seen that most of the criteria in this typology are structural, that is they relate to the context or framework within which the service operates. For example, is the service discretionary, meaning that residents have a choice of whether or not to use the service, or regulatory, meaning that the service is done to them with or without their consent if they meet certain conditions (such as infringing local regulations or sometimes the law of the land).

However, because of the interpersonal nature of relationships it was recognised that there needed to be a psychological criterion as well. Alderfer's Hierarchy of Motivational Needs, which groups motivational needs into three broad levels (Existence, Relatedness, Growth), was used for this purpose (Alderfer, cited in Huitt, 2002).

Table 7.1 Classification criteria for the three case study services

Criterion	Library	Environmental Health	Benefits
Discretionary or Regulatory	D*	D/R	<i>Not applicable</i>
Service provided to Individuals or the Public at large	I	I	I
Monopoly or Competitive environment	M	C	M
Local or National determination of the level of the service	L	L	N
Growth, Relatedness or Existence (Alderfer)	G	E	E

* Note: the individual cells of the Table show the initial letter of the applicable criterion – **D** for Discretionary, **I** for Individuals, **M** for Monopoly and so on.

It can be seen that no two services have identical profiles in terms of the criteria used, which shows that they meet the requirement established earlier that the three services should differ from one another. The Table also shows that the three services chosen meet the second requirement, in that between them they exemplify nearly all of the classification criteria and thus can be considered representative of the major local government service types. One exception to the last statement is the “Relatedness” criterion in Alderfer’s Hierarchy. It is perhaps ironic that this should be the odd one out, given that relationships are the subject matter of this research, but a detailed search failed to identify any substantial council service that could be described in these terms.

7.5 The three case studies

7.5.1 The Library Service

The first embedded case study is of the public library service in the London

Borough of Barnet, which has a network of 17 branch libraries of various sizes and two mobile library vehicles offering a wide range of services to the 340,000⁴⁵ residents of the borough. Branch libraries are open for an average of just under 43 hours per library per week. The Barnet Library Service is a popular one, with 62 percent of the entire population of Barnet in membership. The average library member visits a Barnet library just over once a month⁴⁶.

Public libraries, by their nature, are ‘discretionary’, in that there is no obligation on any member of the public to use them. They are largely free at the point of use, provide a largely individual service, and are partial monopolies – there are competitors for share of leisure time, and for the lending of videos in particular, but no other widely accessible lenders of books or providers of reference resources. To a very large extent local libraries determine for themselves the number, type and range of resources they stock. In Alderfer’s terms they operate at the level of Growth, since they aim to “create a sense of wholeness and fullness as a human being” (Alderfer, cited in Huitt, 2002).

7.5.2 The Environmental Health Service

The second embedded case study is based on the Environmental Health service. Environmental Health has a long history, dating back to the earliest days of modern local government, with the appointment of “Inspectors of Nuisances” in the 1840s. The role of the modern Environmental Health Officer (EHO) lies in

⁴⁵ Source for population figure: Office for National Statistics 1999 Mid-Year Estimate for the London Borough of Barnet

⁴⁶ Source: personal communication from Bob Hellen, Libraries Research and Development Officer, Barnet Libraries, 23/2/00

the overlap between Environment and Health, and can be described as “intervention in the environment to foster health”⁴⁷. EHOs used to be called Public Health Inspectors, reflecting the fact that much of their work was (and is) concerned with protecting the health of the public by assuring the quality of the basic needs for a decent life. These are set out in Table 7.2.

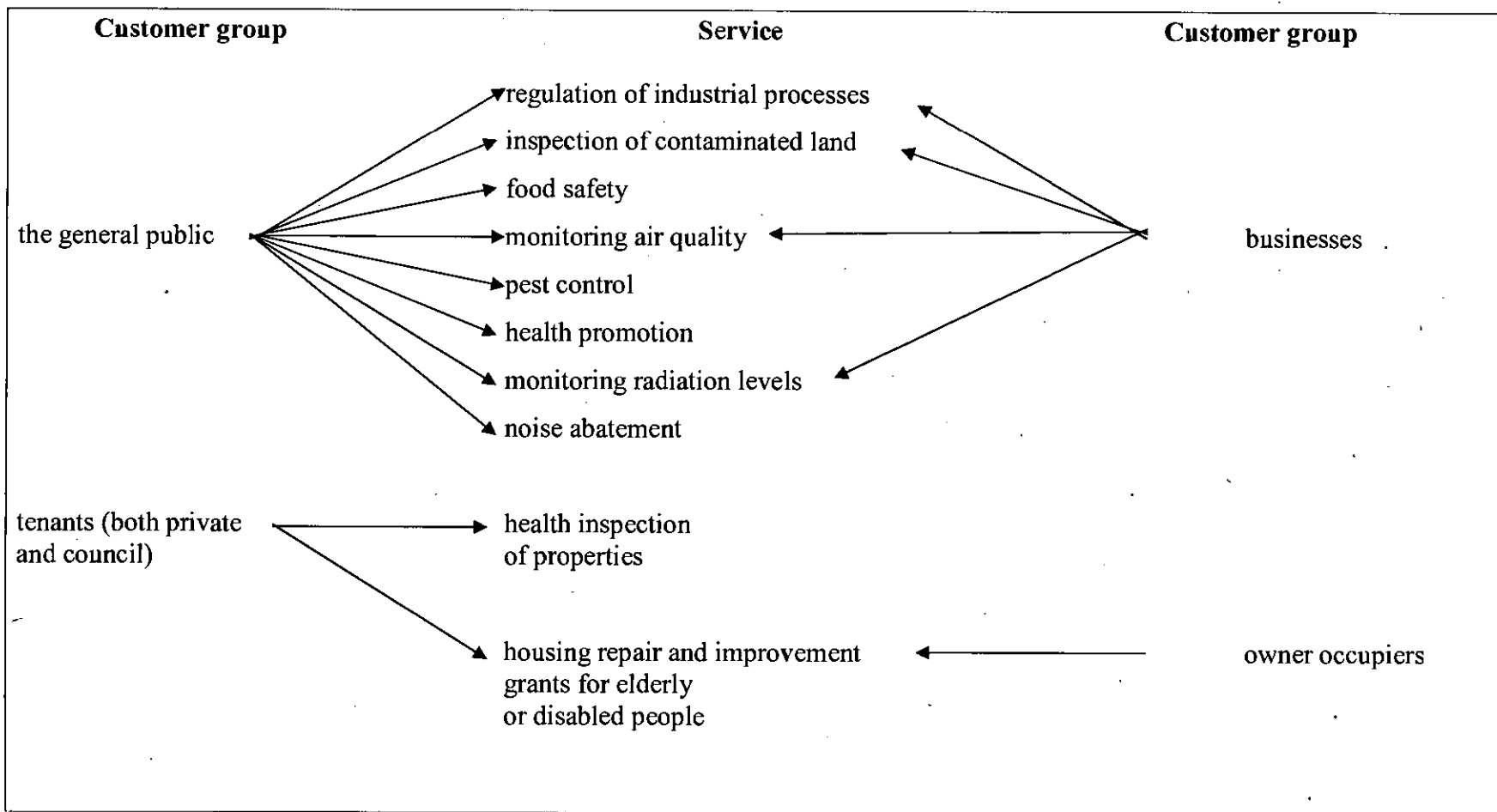
Table 7.2 The basic needs for a decent life

- | |
|--|
| <ol style="list-style-type: none">1. safe water2. safe food3. shelter4. sanitation. |
|--|

Nowadays they have other responsibilities as well, including Health and Safety in shops and offices, monitoring air pollution and responding to complaints about noisy neighbours. Figure 7.1 (on the next page) lists the principal responsibilities of the Environmental Health Service in Barnet in 2000.

⁴⁷ Source: conversation with David Norton, Scientific Services Team Leader, Barnet Environmental Health Service, on 23/3/00.

Figure 7.1 The principal Environmental Health services and their customer groups



In terms of the typology of local government services presented in Table 7.1 Environmental Health is a complex mixture of the discretionary and the regulatory. On the discretionary side elderly people for example can choose for themselves whether or not to apply for grants for home insulation, and householders of any age can ask for the pest control service. Owners of food premises on the other hand have no choice but to comply with the rulings of the EHOs as agents of the local state. Parts of the service are delivered to individuals, while others (such as air quality monitoring) are pure public goods as defined in Chapter 6, p. 134. There is direct competition for the provision of some Environmental Health services, such as pest control where payment is required on receipt of service and there is a thriving private sector, but there is no competition for others. Environmental Health Officers mostly apply nationally determined legislation, although there is some local discretion. Finally, this service is very much concerned with the basics of human existence and therefore falls into the lowest of Alderfer's three levels, namely Existence. The complexity and range of services provided under the banner of Environmental Health were too great for them all to be included in this piece of research and consequently one aspect of the service, namely Pest Control, was chosen to act as a proxy for all the customer-facing activities (see discussion on pages 170 et seq.).

7.5.3 The Benefits Service

The third service selected as an embedded case is Council Tax and Housing Benefits. People on a low income can apply to their local council for help with the payment of their rent (via Housing Benefit) and/or their Council Tax (via Council

Tax Benefit). All local councils, including London Boroughs such as Barnet, are obliged to provide this service as local agents for central government. The cost of the benefits paid out is reimbursed by central government and the Department of Social Security contributes to the cost of administering the benefits. The balance is met from the council's own funds. Barnet Council's Benefits Service deals with all applications for Housing and Council Tax Benefit from council tenants, private tenants and council tax payers residing in Barnet. Around 120 staff deliver the service to approximately 25,000 claimant households. At the time of the data collection phase of this research the Benefits Service was located for organisational and administrative purposes within Barnet Council's Social Exclusion Service, although it has subsequently been transferred to another department as part of a recent council-wide restructuring. The Social Exclusion Service covered the following functions:

Table 7.3 Remit of Barnet Council's Social Exclusion Service

1. Housing and Council Tax benefit;
2. Student awards (education awards and student support for students in higher education);
3. Community services financial assessment (relating to charges for services under Community Care, Children Act or Chronically Sick and Disabled Persons legislation);
4. School exclusions;
5. Welfare rights;
6. Asylum seekers;
7. Housing needs and homelessness.

The initial discussion with the then Acting Head of Social Exclusion at Barnet Council to review practical questions such as access to records suggested that there would be severe practical problems associated with carrying out a survey of the users of any of the constituent services making up Social Exclusion. These problems ranged from the linguistic and cultural gulf between asylum seekers and the

researcher, through to the antipathy many homeless people have towards anything that smacks of authority (which includes research interviews or questionnaires), to serious doubts about the physical and mental capacity of some of the elderly service users to take part in a research project.

On the face of it this list of objections rules out all of the Social Exclusion service's functions. However, after a period of reflection it was decided that since the benefits function is unique and provides an acid test for the potential relevance of relationship marketing it had to be selected. It was also felt that the initial assessment of the capabilities of the benefits service users may have been exaggeratedly harsh. For these reasons the decision was taken to go ahead with Housing and Council Tax Benefit staff and service users as the third case study.

As an agent of the Welfare State, this service cannot be classified as either discretionary or regulatory. Its service users, it may be assumed, have no choice but to apply for benefits because of their financial situation, but at the same time there is no law that says that they have to. By the same token, it is not the service's function to seek out people living below the various income thresholds and compel them to apply for benefits. There is no alternative provider of these state benefits, and so the service is a monopoly. It is also very tightly regulated by central government, and so is nationally determined. Like the previous service, it is concerned with the provision of the most basic human needs, and so qualifies for the Existence classification.

7.6 Service providers and service users

Service marketing relationships at their most fundamental involve two parties, service provider and service user. (Third parties, such as regulators, may also influence the relationship, sometimes profoundly, but they are not generally regarded as being part of the relationship between provider and user.) Marketing relationships are often characterised by asymmetry (Blois, 1995 ; Buttle, 1996; Grönroos, 1997; Johns, 1999; Perrien, Paradis and Banting, 1995; Sheaves and Barnes, 1996), which means that the two parties are likely to have different perceptions of the relationships between them. Consequently each embedded case in this research has two parts, corresponding to the perceptions of the service provider and the service user. This design means that it will be possible to consider both the relationships between service providers and users within the three cases, and also the perceptions of service providers and (separately) service users across the three cases.

7.7 Data collection

Having selected the three case study services and arranged access, the next step was to devise suitable data collection instruments. Chapter 6 summarised the key features of the seven relationship models to be used in this research, so that the data collection task became one of assessing the three services (each one twice, once for providers and once for users) against these features. A purely qualitative approach to the task would be possible but would not provide any indication of the strength or prevalence of the feature under investigation. Each model, as was shown in Chapter 6, p. 138, can be specified in terms of a number of features. If it is possible to assign a score to each feature of a particular model in the context of a particular service (and doing so twice, once for the providers and again for the users) then the sum of

the scores for the model can be used as a measure of its applicability to that service. Repeating the operation seven times (once for each model) should permit the construction of a 'relationship profile' for the service, consisting of the summed scores for each of the models. This process will then provide an answer to the question posed in the previous chapter (namely what *kind* of relationships exist between local government service providers and their service users) in the form of a relationship profile for the service. Thus the relationship profile provides a powerful new tool for investigating service provider/user relationships in the local government context.

The goal of producing a quantitative relationship profile for each service (or more accurately for each of the two parties involved in each service) necessitated the use of a set of six survey questionnaires to collect data about the key features of the relationship models. Many of the features in Chapter 6 are couched in Yes/No form, which lends itself to a simple dichotomy question. For example, "Is there an interpersonal element to the service?" (a feature of importance to the Weak Ties, Exchange, Parasocial, Taken for Granted and Public Goods models). Others require a quantitative answer like "How frequent is user contact with the service?" (which is relevant to the Weak Ties and Parasocial relationship models). Still other features can be translated into attitudinal statements. For example the issue of provision of social support alongside the actual service (Weak Ties model) could be treated as a dichotomy, but would be more informative if treated as an attitudinal statement such as "library service providers provide some social support as well as library services", with respondents invited to say how far they agree or disagree.

7.8 Constructing the questionnaires for the field survey

7.8.1 Library staff questionnaire

For reasons of convenience and accessibility it was decided to use the library staff as the first group of service providers for administration of the questionnaire. The plan was that the technical aspects of constructing questionnaires for service providers (and later for service users) would be addressed in an environment that was already familiar to the researcher and known to be sympathetic to the concept of research. The latter point was particularly important to the likely response rate since there is evidence (Evangelista et al., 1999) that people are most likely to participate in a survey if an appeal is made to the importance of the survey and their participation. The library staff questionnaire was seen as the pattern for the five succeeding questionnaires (one for the library service users and two each for the other two embedded case studies). Because of its key position in the research design the construction of the first questionnaire will now be covered in some detail. The other five questionnaires can then be described in terms of their deviations from the original.

7.8.2 Pre-pilot questionnaire stage

The first step in the questionnaire development process was to present a pre-pilot group of three experienced social researchers⁴⁸ with sets of questions based on the key features of the eight relationship models. It was explained that these questions were intended for administration to a professional, service provider, audience. The reaction from the pre-pilot group was favourable. The general response was that,

⁴⁸ One of whom worked in the commercial sector, one for Barnet Council and one for the London Borough of Islington.

while the idea of relationship models might be unfamiliar to service providers, they should have little difficulty in answering most of the questions, since they related to their everyday experience. The one exception to the generally favourable reaction was the Symbiosis model. The concepts of winning and losing, which characterise this model, were seen as being quite alien to the public service ethos, and hence unworkable in the context of a survey of local government service providers. As Kieron Walsh put it “the fundamental relationship between citizen and government ... is not one of exchange but one of mutual commitment” (Walsh, 1994, p. 69). The language of winning and losing is out of place here. Neither, in the pre-pilot group's view, would any amount of rewording make the concepts more accessible or acceptable to the service providers – it was the concepts themselves that were causing the problems. Likewise, the pre-pilot group's view was that no amount of rewording could make the concepts more accessible or acceptable to the service users. Since two elementary principles of survey design (de Vaus, 1996; Moser and Kalton, 1971; Oppenheim, 1966) are that the question wording should be non-technical and jargon free (unless addressed to a technical audience), and that the respondents should be possessed of the knowledge necessary to answer the questions, the reaction of the pre-pilot sample called for a major re-evaluation of the original intention. This resulted in dropping the Symbiosis model of relationships and its associated questions.

7.8.3 Developing the pilot questionnaire

Development of the pilot questionnaire from the sets of statements shown to the pre-pilot group was the next step. There were a number of considerations to be borne in mind, as shown in Figure 7.2 below.

Figure 7.2 Considerations affecting the development of the pilot questionnaire

- 1 The language used should be everyday, not technical
- 2 The full range of concepts embodied in the relationship model needed to be expressed
- 3 The descriptive/factual questions would probably be yes/no dichotomies, but the attitudinal ones would be more complex and would use rating scales
- 4 Some of the questions would be quasi-interval scale (such as those relating to the frequency of some behaviour), while others would be ordinal scale (such as attitude ratings). For convenience of analysis both types of question would be treated as interval level, a practice which Rodeghier describes as “reasonably safe ... [if] done cautiously”
- 5 If possible there should be an equal number of questions from each of the seven models, so as to avoid any bias towards a particularly prolific model
- 6 The overall length of the questionnaire should be reasonably short to avoid losing respondents who might be put off by excessive length
- 7 All things being equal, questions with a large range of responses were to be preferred to questions with a small range. The greater the range of responses to the questions within each model the greater the scope for variation in the aggregated scores for each model, and hence the greater the power of the questionnaire to differentiate between the models.

Sources: de Vaus, 1996; Moser and Kalton, 1971; Oppenheim, 1966; Rodeghier, 1996

7.8.4 Scales

For the attitudinal questions it was decided to use Likert scales. Likert scales are widely used in social and marketing research (de Vaus, 1996; Chisnall, 1995; Churchill, 1991; Kent, 1993; Malhotra and Birks, 2000). Just how widely they are used can be seen from an examination of the 588 scales included in Bruner and Hensel's (1992) *Marketing Scales Handbook*. Likert scales are indeed the conventional choice in marketing and social survey research. The review of the literature had already shown that discursive language would be needed to define or describe the relationship models. One advantage of Likert scales is that they lend themselves to the use of discursive statements rather than single words as in semantic differential scales or pictorial representations such as diagrammatic non-verbal scales (Wolfe, 1990).

The debate over whether to use an odd or an even number of points on a Likert scale has been going on for a long time. On the one hand, the researcher can include a 'neither/nor', or 'undecided' point to form an odd number of points. On the other hand, an even number forces the respondent to choose between a positive or negative response. Seow (1998) collected a number of opinions on this issue from researchers. They appear to be fairly well balanced, but with a slight bias towards an even number. A four point scale (two positive, two negative) was chosen for this research and a Don't Know option was also provided⁴⁹.

The first stage in translating the theoretical descriptions of the relationship models into questionnaire items was the generation of statements and questions, each of which expressed a single facet of the theoretical concept. This process highlighted some important issues for the design of the questionnaires. First, some of the statements or questions related to more than one theoretical model. For example the question of how the service is paid for is relevant to the Contractual, the Exchange and the Public Goods models. It was decided to let these items contribute to the scoring for as many models as were applicable, and then to explore this issue further in the analysis of the pilot data. The second issue was that different models generated different numbers of items, in contradiction of one of the principles of questionnaire design set out earlier in this section. While this was considered acceptable at this interim stage, it was intended that in the final questionnaire each model should have the same number of items so as to give each item equal weighting. Since the average number of items per model at this stage was five, it was decided to use this number in the final version of the questionnaire.

⁴⁹ "Don't Know" is conceptually different from "Neither/Nor" and does not form part of the main scale; the inclusion of a Don't Know option is recommended as best practice by, amongst others, the Market Research Society (2002, p. 12).

7.8.5 Scoring the questionnaires

Scores were assigned to each of the response options in the pilot questionnaire (apart from those acting as demographic or filter questions) and the statistical analysis program SPSS (Version 9) used to calculate the scores for each model, and for all subsequent data analysis. The issue of standardisation of scores was considered at this point. Different items in the questionnaire had different ranges of response options, so that one item might have responses ranging from 0 to 3, while another might have a range of 1 to 10. Clearly a score of 3 would mean very different things in the two different contexts. Thus it would have been very misleading simply to sum the scores obtained for two models, compare the totals and hence decide which one gave the better description of the relationships between service users and service providers.

It is conventional to use standardisation techniques to overcome this kind of difficulty (De Vaus, 1996, p. 269) so as to permit like for like comparisons. One approach to standardisation is to express an individual score in terms of standard deviation units, above or below the mean (De Vaus, 1996 p. 270). This approach was rejected for the library case study (and the other two cases) because an individual's score, and whether it be above or below the mean, is of less interest than the profile of scores obtained for the seven models across the whole sample of service providers (or users). Standard deviation units have the added disadvantage of being difficult to explain to non-statistical audiences. An alternative approach is to use the position of a score along the range of possible scores. This can then be easily transformed into a score on a scale from 0 to 100, a scale with which most

people are familiar. Figure 7.3 on the next page illustrates this procedure, using the Taken for Granted (TfG) relationship model and the Library Staff survey as examples. In this way the aptness of each relationship model can be expressed as a number between 0 and 100, and one model compared directly with another.

Six library service staff were recruited to complete the pilot questionnaire and also make comments on their experience of filling it in. Their comments revealed certain areas of weakness in the design of the questionnaire. For example, they found one question confusing (“Our customers use this service because they are completely satisfied with it”) and this question was subsequently dropped. In addition some of the pilot questions were shared by more than one model. These questions were examined and decisions made as to which ones to drop. The main criteria for dropping questions were that each question should contribute to only one model and that each model should have the same number of scoring questions. A secondary criterion was the extent to which the question expressed a core feature of the model. Those that were judged not to be ‘core’ to a particular model would be dropped from the scoring for that model. Thus the final, post-pilot, version of the Library staff questionnaire consisted of five items for each of the seven relationship models. A demographic question asking for the job type of the respondent was added, because it was thought that this might have a bearing on the perception of the relationship between service provider and service user.

Figure 7.3 Illustration of range standardised scoring for the Taken for Granted (TfG) relationship model and the Library staff survey

Note: for clarity of exposition some of the details of the scoring system for the Taken for Granted model have been simplified in this account. The actual scoring system used for the Taken for Granted model, and for the other six models, is set out in full in Appendix 4.

1. The TfG model is represented in the questionnaire by five items.
2. Assume for simplicity that all five items are Likert scale questions, e.g.
Qn. 21 "Our customers don't usually talk to us until something goes wrong"

The response set for this question is:

Strongly Agree (3 pts)
Agree (2 pts)
Disagree (1 pt)
Strongly Disagree (0 pts)

3. Assume that this is the response set for the other four TfG items as well.
4. Then the TfG model score for one Library staff member will be the sum of the points derived from his/her answers to the five TfG items. Thus his/her maximum possible TfG model score will be $3 \times 5 = 15$ points and similarly, the minimum TfG model score will be $0 \times 5 = 0$ points.
5. 100 people responded to the Library staff survey, so that the maximum overall TfG model score for this group is $15 \times 100 = 1,500$ points, and the overall minimum is 0 points.
6. The range of possible scores is just the maximum score – the minimum score. The standardised model score using the range as the basis for standardisation can now be calculated according to the formula

$$\text{standardised score} = \frac{\text{raw score} - \text{minimum possible score}}{\text{maximum score} - \text{minimum score}} \times 100$$

which, since in this case the minimum is 0, simplifies to

$$\text{standardised score} = \frac{\text{raw score}}{\text{maximum score}} \times 100$$

7. If the group raw score for the TfG model in this illustration was 939 then the standardised score for the Library staff would be $939/1,500 \times 100 = 62.6$.

(The actual scoring for each of the seven models was more complex than shown in this illustration, but the general principles applied in each case.)

An open ended question was also added to the end of the questionnaire, to give respondents the opportunity to add any observations they might wish to make, and to provide additional qualitative data to supplement the quantitative findings. The library staff survey questionnaire as used in the field is shown at Appendix 2. The linkage between each question and its corresponding relationship model is shown in

the Commentary, Appendix 3. The scoring scheme is shown in Appendix 4. The results of the library staff survey are presented and discussed in Chapter 8.

7.8.6 The library user questionnaire

The next stage was to apply the staff questionnaire to the library service users questionnaire. At first it was thought that the same questionnaire should be capable of being applied to the people on the other side of the marketing relationship without significant alteration, since the relationship marketing literature stresses the importance of the customer sharing the provider's perception of their relationship (Barnes, 1994, 1997; Blois, 1995; Fournier, Dobscha and Mick, 1998; O'Malley, Patterson and Evans, 1997; Sheaves and Barnes, 1996). However, the experience gained from administering the staff questionnaire, and comments from colleagues and thesis supervisor, indicated that there was further work to be done on making the questionnaire suitable for a different audience, while keeping the two questionnaires as similar as possible to permit meaningful comparisons between the two perspectives on provider/user relationships. The most substantial of the resulting amendments concerned the concept of loyalty, in particular 'false' loyalty, which is crucial to the Contractual model of relationships (see Chapter 6). In essence, loyalty is 'false' if customers only remain with a supplier because there is no alternative. For the library staff questionnaire this was tested by the statement "Our customers use this service because they can't afford to switch to another supplier". It was felt that although library staff were comfortable with it the idea of the library service having any competition would strike library users as being very odd and so an alternative form of words was used: "People only use Barnet libraries because they can't afford to buy their own books, videos or CDs". The scoring procedure was the

same in principle as for the library staff questionnaire, with modifications to the details arising from the differences in the questions asked. The target audience for the library users survey was the Barnet Citizens Panel⁵⁰. An earlier survey (Barnet Council Citizens Panel Survey No. 3, 1999) had shown that three quarters of Panellists had used a library during the preceding year. This made them a very suitable sample for the present purpose, and the library user survey was incorporated as part of the fifth Barnet Citizens Panel Survey, which was issued in May 2000. The findings of the library user survey are presented and discussed in Chapter 8.

7.8.7 The Environmental Health staff questionnaire

The first part of the second embedded case study, Environmental Health service staff, took the Library staff questionnaire as its basis to ensure consistency. There was also a pre-pilot and a pilot stage as before, in which the questionnaire was administered to a group of six staff who worked in different areas of Environmental Health. They were invited to write comments on the questions as well as responding in the normal way. This pilot showed that it was perfectly feasible to use an attitude survey approach as had been done for the library staff although with certain minor modifications to fit the new context. The findings of the Environmental Health staff survey are presented and discussed in Chapter 8.

7.8.8 Developing the Environmental Health user questionnaire

Environmental Health provides a mixture of regulatory and discretionary services to a customer base that includes regulated individuals and businesses, individual recipients of government grants, the public at large and (as agents) central government. The wide variety both of types of service offered, and of types of

⁵⁰ For a description and discussion of Citizens Panels see Appendix 1.

customer, made it impossible to include the whole range of environmental functions in one user survey. Selection was therefore necessary, and with it an acceptance that this would mean a forced reduction in the complexity and diversity of the Environmental Health service as represented in this case study. It was decided to make the selection on the basis of the type of service offered to service users. A list of the main types of service provided by Environmental Health was presented in Figure 7.1 earlier in this chapter (p.155). Certain of these functions ruled themselves out immediately, such as air quality monitoring. This service is clearly a 'public good' because the whole community benefits. However the lack of identifiable service users makes it unsuitable for a customer survey. The same arguments apply to another 'public good', health promotion. This is largely a proactive, educational function aimed at the whole community, not one provided to individual service users. Monitoring radiation levels and the pollution of watercourses also fall into the 'public good' category, while difficulties over access to potential respondents ruled out the selection of the Noise Abatement service.

Another facet of the Environmental Health Service is its regulatory side. Food safety, health and safety and land contamination all come under this heading. The relationship between regulator and regulated is one that is peculiar to certain aspects of government, and does not occur anywhere in purely commercial markets. This kind of relationship does not appear to be covered anywhere in the relationship marketing literature, and so there was no model of a regulatory service relationship available to be tested in this research.

Elimination of the other functions within the Environmental Health service left two possible candidates for inclusion: housing services and pest control. The exact housing responsibilities of Environmental Health Services are complex, but they comprise a mixture of regulation (ensuring that houses are fit for human habitation) and acting as local agent of the welfare state by awarding grants, mainly to elderly or disabled people, for improving the comfort of the home. Pest Control, on the other hand, is a straightforward service, and one that can be, and is, provided by commercial competitors⁵¹. The number of local authority services which face commercial competition is small but significant (for example recreational activities and sports centres, or residential care of elderly people). In this sense the Pest Control service can be seen as representing an important facet of local government activity – a paid for service in direct competition with the private sector. For these reasons it was decided to limit the scope of the Environmental Health user survey to pest control service users alone. The question of the representativeness of the Pest Control staff had already been discussed with other Environmental Health staff who took the view that Pest Control was typical of all the Environmental Health services that impacted directly on individuals and thus could reasonably be regarded as a proxy for all such services.

The Environmental Health user questionnaire followed the library user questionnaire exactly, apart from very minor changes to fit the change of service, such as changing the timescale of the first question from 'how many times/month' to 'how many

⁵¹ A search of the Yellow Pages directory at the time of this case study revealed two pest control firms based within the borough, as well as a considerable number of national or regional firms offering pest control services to residents of the area.

times/year', and replacing references to libraries and books by references to pest control.

7.8.9 Developing the Benefits Service staff questionnaire

To ensure consistency once more the Environmental Health staff questionnaire (which was in turn derived from the Library staff questionnaire) was used as the starting point for the Benefits Service staff survey, with a small number of modifications. This time there was no pilot stage, because the experience of the two previous staff surveys had shown that the basic questionnaire was viable.

7.8.10 Developing the Benefits Service users questionnaire

The starting point for the Benefits Service user questionnaire was the Pest Control users survey, which was modified to make it more relevant to the new context. For example, 'frequency of use' is an ambiguous term in this context, since it could be argued that all the service users use the service all the time. The more straightforward concept 'frequency of contact' was used instead. There were a number of other minor modifications as well.

7.9 Sampling details

7.9.1 Staff surveys

The six surveys used to collect data for the three case studies had different sampling schemes. All three staff survey questionnaires, for example, were sent out to the total population of relevant staff, not to a sample of them, because the survey populations were relatively small (277 Library staff; 60 Environmental Health staff; 120 Benefits staff). Response rate details for each survey are given in the next chapter.

7.9.2 User surveys

As to the user surveys, 62 percent of Barnet's residents are members of one or other of the Barnet libraries – some 212,000 people. Potentially any resident of the borough could call on the Pest Control service, and over 750 people actually used the service during the 12 months to August 2000. The number of Benefits Service users fluctuates over time as people's circumstances change, but it was estimated at between 3,500 and 4,000 at the relevant time. Because of the size of the populations of Library and Benefits Service users some form of sampling was needed to keep the cost and the administration of the survey process within acceptable limits, but it was decided to survey all of the Pest Control Service users rather than to sample them as 750 was not considered to be an impractical number.

Barnet Council routinely collects data about its citizens in their roles as service users, and it was decided to take advantage of this to draw the samples. For instance a ready made sample of library users was to hand in the form of Barnet's Citizens Panel. Since the majority of Barnet residents are library members, it was decided to incorporate the library user questions into a pre-planned survey of the Panel, which consisted at that time of 682 people. Finally 600 names and addresses of current

Benefits Service users were selected at random from the total list of service users to receive copies of a customised questionnaire with personalised covering letter.

The six case study data collection instruments were designed to investigate perceptions of the relationships between local government service providers and service users: specifically, to investigate the relationship models as perceived by each set of providers and by each set of users. This chapter has described how the data collection instruments were constructed and modified. The next chapter describes the findings of the data collection and analysis, and reaches some conclusions about the types of relationship perceived by the various parties in terms of the relationship models introduced in Chapter 6.. It also uses the findings to evaluate the research hypotheses.

Chapter 8: Data Analysis

8.1 Introduction

This chapter analyses the data collected by means of the survey questionnaires described in the previous chapter and tests the three research hypotheses, namely that there is a distinctive model of relationship which is found in the local government context (H1), that users of council services do not have any relationship with their council (H2), and that marketing relationships are perceived in the same way in both the local government and the commercial sectors (H3). It also examines the second research question, the nature of service provider/service user relationships across all local government services. The chapter presents the relationship model scores for both the service providers and the service users in each of the three case studies and considers whether they support the research hypotheses. The chapter concludes that the first research hypothesis, that there is a distinctive model of relationship which is found in the local government context, is not supported by the findings from any of the three case studies. There is conflicting evidence regarding the second hypothesis, that users of council services do not have any relationship with their council. The evidence from service users supports this hypothesis but the evidence from service providers rejects it. This chapter considers the implications of this conflict. The third hypothesis is then considered and it is concluded that marketing relationships in the local government sector are indeed perceived in the same way as those in the commercial sector. The chapter also provides information on the second research question, an investigation into the nature of service provider/service user relationships across all local government services, and concludes that while the service users have the same perception of the service provider/service user relationship across all three services, the service

providers have different perceptions. An additional point for future research is also highlighted in this chapter: the possibility that service providers might feel taken for granted, not just by their service users but also by their own employers and that therefore there is a strong case for internal marketing in taken for granted services.

8.2 Library Service results

8.2.1 Library Service providers' questionnaire

The final questionnaire was sent out to all 277 Barnet Library staff in post in December 1999, with a reminder in January 2000. (Copies of cover memorandum and questionnaire in Appendix 2). 100 people responded, giving a response rate of 36 percent. Table 8.1 (page 178) summarises the results of this survey. In this and subsequent Tables an individual respondent's score for a particular model is a composite, made up of the sum of his or her scores for each of the five items that contribute to that model. The computer programme used to make the calculations was SPSS for Windows, version 9, which calculates a composite score in such a way as to declare the entire score as 'Missing' if one (or more) of its component parts are missing. Thus if a respondent gives a Don't Know response to any item, or fails for whatever reason to answer any item, SPSS designates that respondent as scoring a 'Missing' value for the whole of the relevant model. This procedure has the effect of drastically reducing the apparent numbers of respondents for each of the models included in Table 8.1, and would effectively result in wasting large quantities of data if there were many Don't Know responses. To overcome this each of the missing item scores was replaced by the appropriate lowest possible score. The alternative of replacement by the mean of the valid scores was considered, but the lowest score was preferred, being more conservative and less likely to inflate the scores.

In Table 8.1 (next page) and subsequent Tables presenting model scores the maximum possible model score is 100 and the minimum is 0 (see Figure 7.3, p. 167, for details of scoring calculations). The scale scores for each of the seven models are expressed as percentages of the maximum possible score, so that a scale score of 100 would mean a hundred percent, or a perfect fit between the model and the perceptions of the respondents. Similarly a score of 0 would mean a complete absence of fit between the model and the respondents' perceptions. Intermediate scores then represent greater or lesser degrees of fit between model and respondents' perception. It can be assumed that if the respondents make a random choice of reply to the questions in the questionnaire then they will on average score around 50 percent on each of the model scales, since the minimum possible score is 0 and the maximum 100 so that the 'expected value' is 50 percent. This figure then represents the benchmark for judging whether a particular score should be regarded as a random deviation from the expected value or whether its deviation should be regarded as being statistically significant.

Having established a benchmark a rigorous test needs to be established in order to identify statistically significant deviations from the benchmark. One of the conventional measures in the case of sample data is twice the standard error of the mean⁵². It can be argued that any score which lies more than two standard errors either side of the expected value score, 50 percent, is indicative of a genuine perception of a particular model of the relationship between service provider and service user, not the result of a set of random answers to the questions. (This is

⁵² The calculation of the standard error is described in Appendix 5.

because the probability of such a score being generated by chance is less than 5 percent.)

Table 8.1 Mean scores for Library staff on each relationship model

Model	mean	Accept/Reject
Weak Ties	62.6	accept
Taken for Granted	53.2	inconclusive
Public Good	41.8	
Contractual	41.1	
Exchange	39.1	reject
Parasocial	35.9	
Consumer Control	33.6	
<i>2 standard errors</i>	<i>± 10.0</i>	

N = 100

Table 8.1 shows that Library staff perceptions of their relationships with their service users are best described by the Weak Ties model with a score of 62.6 percent. Since this score is more than 2 standard errors above the mean it is concluded that this is a statistically significant result. There are three models within 2 standard errors of the mean (Taken for Granted, Public Good and Contractual); the results for these models are inconclusive, in that they have been neither accepted nor rejected by the Library Service providers. The remaining three models (Exchange, Parasocial and Consumer Control) all lie more than 2 standard errors below the mean and are all actively rejected by the Library Service providers. Thus the Library Service providers’ perceptions of their relationships with their service users are characterised by one model only, Weak Ties.

In the case of the Library staff the sample size was large enough, and the respondents sufficiently heterogeneous, to permit an analysis by respondent job type. Because the survey population was all staff employed by the Library service there was a mixture of job types, including managers, front-line staff (some of whom

worked for only a small number of hours per week) and administrative staff who rarely had face-to-face contact with service users. Comparison of the job types of respondents with non-respondents showed that the respondents were representative of the whole library staff. This is important because it is reasonable to assume that job type will have some effect on someone's perception of their relationship with service users. For example, staff who work on the front line will have more frequent service encounters with service users than staff who work behind the scenes, or in a predominantly managerial capacity. An analysis by job type was therefore conducted to investigate whether Library Service providers doing different jobs have different perceptions of their relationships with service users. Table 8.2 shows the model scores by the job type.

Table 8.2 Model scores by job type

<u>Model</u>	All staff	<u>Managerial</u>	<u>Job Type</u> Front-line <u>Service</u> <u>provider</u>	Support or 'other'*	<u>Professional</u>
Weak ties	62.6	57.9	63.8	67.9	59.6
Taken for granted	53.2	49.4	53.0	57.1	53.9
Public goods	41.8	46.4	40.8	41.6	42.1
Contractual	41.1	52.1	39.6	36.0	41.8
Exchange	39.1	44.1	41.6	30.8	33.9
Parasocial	35.9	37.9	34.9	32.8	39.1
Consumer control	33.6	38.8	31.2	28.7	39.4
N. of respondents	100	11	57	10	22

* includes one case where the respondent omitted his/her job type

This data was analysed using Kendall's W (see Appendix 5). A value for W of 0.151 was obtained, with an associated significance level of $p=0.366$. Since the p value was greater than 0.05 it can be concluded that there is no significant association between the job type and the scores for each of the relationship models. In other

words it can be concluded that a library service provider’s job type does not affect his/her perception of their relationship with service users.

In terms of the first research hypothesis (a distinctive model of relationship found in the local government context) it may be concluded that there is no need to posit such a relationship model, since the library staff’s perceptions of their relationships with their service users fits the **Weak Ties** model instead. One consequence of this finding is that the second research hypothesis (that users of local government services do not have a relationship with their council) is not supported either – the Library Service providers are of the view that users do have a relationship with them.

8.2.2 Library users

The size of the Barnet Citizens Panel was 682 active members at the time of this survey. The number of eligible responses received by the closing date of 16 June 2000 was 335, giving a response rate of 49 percent. The analysis of the data proceeded along the same lines as for the library staff and Table 8.3 shows the results.

Table 8.3 Mean scores for Library users on each relationship model

Model	mean	Accept/Reject
Parasocial	52.1	inconclusive
Taken for Granted	46.5	
Contractual	42.5	reject
Weak Ties	35.7	
Exchange	30.9	
Public Good	28.3	
Consumer Control	25.6	
<i>2 standard errors</i>	<i>± 5.5</i>	

N = 335

Consideration of the effects of membership of a Citizens Panel (see Appendix 1) suggests that Library users may be more likely than the general population to form a relationship with their local Council. However, Table 8.3 indicates that, despite any putative predisposition towards relationship formation, and unlike the library service providers, the Barnet library service users did not perceive their relationship in terms of any of the seven relationship models. Indeed, they actively rejected five of the models (Contractual, Weak Ties, Exchange, Public Good, Consumer Control).

8.2.3 Evaluation of the Library case study and the research hypotheses

8.2.3.1 Hypothesis 1 and Hypothesis 3

Because these two hypotheses are linked, they will be treated together. The two groups of people in this case study, library service providers and library service users, have quite different perceptions of the relationship between them. The former describe the relationship in terms of the Weak Ties model, the latter do not perceive any relationship corresponding to any of the seven models at all. It is concluded that the library service providers' perceptions of their relationships is adequately described by one of the seven relationship models and that in this sense they reject Hypothesis 1: that there is a distinctive model of relationships found only in local government. The fact that a commercial sector relationship model also describes a local government service may also be taken as evidence for accepting Hypothesis 3, that relationships are the same in local government as in the commercial sector.

Library Service users on the other hand reject all seven models, leaving open the possibility that there is a distinctive local government model that has not been captured in the survey. Thus Library Service users might conceivably support H1,

and might also reject H3. This possibility will be discussed at the end of this chapter, when the findings from the other two case studies can also be taken into account.

8.2.3.2 Hypothesis 2

As to H2: that users of local government services do not have any relationship with their council, the evidence of the Library case study is also mixed; the Library Service providers reject the hypothesis but the service users might not. It may be noted that reciprocity, i.e. the necessity for both parties to a relationship to acknowledge its existence, is regarded in the literature as one of the preconditions for a relationship to exist (see the discussion in Chapter 5) and this point will also be taken up at the end of the chapter.

8.3 Environmental Health results

8.3.1 Environmental Health staff

In total 34 responses were received to the Environmental Health staff survey. The nominal staff complement at the time was 60 people, which gives a response rate of 57 percent. Table 8.4 gives the mean scores for Environmental Health staff on each of the seven relationship models.

Table 8.4 Mean scores for Environmental Health staff on each relationship model

Model	mean	<i>Accept/Reject</i>
Taken for Granted	71.4	Accept
Weak Ties	45.5	Inconclusive
Public Good	37.4	
Exchange	35.7	
Contractual	32.7	Reject
Parasocial	31.5	
Consumer Control	31.0	
<i>2 standard errors</i>	<i>± 17.1</i>	

N = 34

It will be seen that the Taken for Granted model, with a mean score of 71.4, is the only one that lies more than two standard errors above the mean. In other words, the Taken for Granted model is the only one that fits the Environmental Health Service providers' perceptions of their relationships with their service users. Three other models (Weak Ties, Public Good and Exchange) fall into the middle, inconclusive zone, while this group of service providers positively reject the Contractual, Parasocial and Consumer Control models of relationships, all three of which lie more than two standard errors below the mean. Comments from Environmental Health staff, in response to the open-ended questions in the survey, reinforce the feeling of being "taken for granted". In terms of the Taken for Granted model it is the service users who are supposed to be taking the service providers for granted, and indeed this is the case with the Barnet Council Environmental Health staff: a frequent comment concerned a perceived 'unreasonableness', or 'lack of realism' on the part of the public about the resources available to the service, and this defensiveness sometimes verged on the aggressive:

it is often the case that customers make extremely unreasonable demands on [Environmental Health] officers.

Interestingly, this particular group of employees also felt taken for granted by their employing organisation and said they sometimes felt isolated and unsupported when dealing with complaints that they attributed to the lack of resources provided by the council:

These unreasonable demands are sometimes not recognised by superiors when customers complain.

This is an aspect of the taken for granted model which does not seem to have been discussed in the relevant literature at all. On the other hand one Environmental Health officer said:

There are always those more needy individuals who become our 'friends'. Some rely on us for social contact particularly the elderly and a certain amount of trust both ways is usually established in our relationships with our customers

while other Environmental Health staff drew attention to the regulatory, enforcement, side of their work. One commented:

We cannot be judged by all 'normal' customer service standards because by our very role as regulators we are not always there to please people – if we were, and this were the priority, the effects on local health would be catastrophic.

Looking at the implications of these findings for H1 (a distinctive model of relationship found in the local government context) it may be concluded that there is no need to posit such a relationship model, since the Environmental Health staff's perception of their relationships with their service users fits the Taken for Granted model, despite the variations in perception shown by the illustrative quotations from the free field survey answers. By the same token the Environmental Health Service providers reject H2 (that users of council services do not have a relationship with their council) and confirm H3 (perceptions of relationships the same as in the commercial sector) since they use one of the models derived from the commercial sector to describe their perception of their marketing relationship.

8.3.2 Environmental Health Service users

Questionnaires were sent out between 18th September and 20th October 2000 to 751 recent users of the Barnet Council Pest Control service. 229 were returned, making a total response rate of 30 percent. However, 19 of these questionnaires were returned insufficiently completed to permit meaningful analysis. The effective response rate for the Environmental Health (Pest Control) user survey was therefore

28 percent. Table 8.5 gives the mean scores for Environmental Health service users on each of the seven relationship models.

Table 8.5 Mean scores for Environmental Health service users on each relationship model

Model	mean	Accept/Reject
Taken for Granted	44.1	Inconclusive
Parasocial	40.3	reject
Weak Ties	33.5	
Contractual	33.1	
Exchange	31.7	
Consumer Control	22.7	
Public Good	18.3	
2 standard errors	± 6.9	

N = 210

None of these mean scores lies above the benchmark figure of 50 adopted earlier in this chapter, let alone lying more than two standard errors above it and so it is concluded that none of the models fits the perceptions of the Environmental Health Service users. Indeed, with the exception of one model for which the data is inconclusive (Taken for Granted) the Environmental Health Service users actively reject all of the models. Analysis of the responses to the open ended question at the end of the Pest Control service user questionnaire strongly supports this interpretation. So far from seeing their encounters with the Environmental Health service providers (Pest Controllers) in terms of a local government relationship model, this group of service users have difficulty in seeing the relevance of questions about relationships at all. For the most part their comments were along the lines of either “these questions are irrelevant” or “there is no relationship”.

Examples of both type of comment are now given:

You could do with some advice on questionnaire design - you're asking people about matters they have to guess, project their views. Why would social contact element be so important - shouldn't it just be about very good service!

I think you should tailor this questionnaire better to find out about the pest control service but Qs. 36 – 38 [social network, social support, family substitutes] gave us a laugh anyway.

What relationship? Don't you think some of these questions are a bit wide of the mark, we only called you to remove a wasps nest!!

Personally I think this whole questionnaire is ridiculous and probably a waste of money. Just because we call out the service to get rid of a wasps nest doesn't mean to say that we're interested in 'socialising' and 'adopting' or 'marrying' the officers. If one calls out a plumber or electrician one doesn't expect them to provide a social service or counselling. Do the job and leave.

It is concluded that the majority of this group of service users do not perceive that they have any relationship with the service providers at all – which may account for their reluctance to co-operate with the survey in the first place and the comparatively low response rate. It is also concluded that the evidence of the write-in comments argues strongly against the existence of an undiscovered local government model of relationships – this group of service users at least do not perceive that they have a relationship of any kind with the Pest Control officers or, by extension, with the Environmental Health Service. In other words the service users in the second case study reject the first hypothesis (distinctive local government model of relationships) and support the second (users of council services have no relationship with the council). A contrary view is expressed by Parker et al. (1999), who cite a study by Goodwin and Gremler which reports service users becoming friends with providers of pest control services. The explanation offered by Parker et al. is that

[services like car repair, lawn care or pest control] rarely require customer disclosure or provider involvement, so personal conversation can be interpreted unambiguously as genuine interest. (Parker et al., 1999, p. 9)

However, while this may explain why it is that a few of the service users in the Environmental Health case study scored highly on the more interpersonal relationship models, the fact remains that the majority of them did not. Their relationship with service providers stays at the most superficial level and cannot be called a true relationship, because the service encounter is typically brief and one-off, whereas most relationships require time to establish trust (indeed Wray, Palmer and Bejou (1994) found that 'duration' was the single most important determinant of trust in the relationship between seller and customer.)

8.3.3 The Environmental Health case study and the research hypotheses

Hypothesis 1 suggests that there is a distinctive model of relationship found only in the local government context. As was the case with the Library service staff, the Environmental Health service providers do not appear to recognise the need for any such model to describe their relationship with service users, since the Taken for Granted model fits quite well (mean score 71.4). Indeed it fits better than the best fitting model in the first case study (mean score 62.6). The evidence from the second case study service providers thus does not support either the first hypothesis, or the second hypothesis (that users of council services do not have a relationship with their council), but it does support the third – that relationships are the same in local government as in the commercial sector.

The Environmental Health service users on the other hand, unlike their service providers but like the Library service users, do not perceive their relationship with the service providers in terms of any of the seven relationship models. As in the previous case study the possibility of a distinctive model of relationships found only

in local government cannot be ruled out on this evidence. It may be said that the second case study provides at most partial support for H1, and conversely that there is support for H3.

As to the second hypothesis, concerning the non-existence of any relationship between local government service users and their service providers, the evidence from the Environmental Health service providers rejects this hypothesis, because of their strong support for the Taken for Granted model of a relationship. On the other hand the service users say that none of the seven relationship models apply to their situation, which implies that they support the second hypothesis, subject to the possibility of a distinctively local government relationship model. It is concluded that the second case study offers at best partial support for the second research hypothesis.

8.4 Benefits Service results

8.4.1 Benefits Service staff

38 Benefits staff responded to the survey, out of a staff complement of 120 all of whom were sent questionnaires, making a response rate of 32%. Table 8.6 on the next page shows the mean scores for the Benefits Service staff on each of the seven relationship models.

Table 8.6 Mean scores for Benefits Service staff on each relationship model

Model	mean	Accept/Reject
Taken for Granted	69.4	accept
Parasocial	57.5	inconclusive
Contractual	50.3	
Consumer Control	38.2	
Public Good	35.0	
Exchange	33.0	reject
Weak Ties	27.8	
<i>2 standard errors</i>	<i>± 16.2</i>	

N = 38

As was the case with the staff in the two previous case studies, this Table shows that there is only one relationship model that lies two standard errors or more above the mean. Like the Environmental Health staff, but unlike the Library staff, Benefits Service staff perceive their relationship with their service users to be Taken for Granted (score of 69.4). Four models (Parasocial, Contractual, Consumer Control and Public Good) lie in the inconclusive zone, and two models (Exchange and Weak Ties) are actively rejected by the Benefits Service providers.

Comments made by Benefits staff in response to the open-ended question at the end of the questionnaire throw further light on the nature of the relationship between the service providers and the service users. In particular, they illustrate the point made in the analysis of the service provider comments in the previous case study, namely that service providers can feel taken for granted not only by their service users but also by their own organisation. The Benefits Service staff's feeling that they are doing their best under difficult conditions, unappreciated by the public, is one that fits particularly well with the theoretical concept of the Taken for Granted relationship model.

One group of comments made by Benefits Service staff concerned the constraints which they felt they were labouring under. These were both about lack of resources to do the job, and also about the operational difficulties caused by the legislative framework which governs the service. The response from one member of staff covered both these points:

The staff who provide the services work with difficult legislation which is constantly changing. We work in cramped conditions with extremely ancient IT equipment. The Benefits service is the "forgotten relative" of Barnet Council, but the service which would cause the most uproar and embarrassment if it failed. Under these conditions the staff do their utmost to help the users of the service.

On the other hand there does seem to be a view in this Service that the Weak Ties model is applicable, albeit this is very much a minority view since the sample of service providers as a whole actively rejected the Weak Ties model. One staff member spoke of a degree of service user dependence on the service provider that is characteristic of the Weak Ties relationship model:

There are a few customers who do call regularly just because it gives them somewhere to go and someone to talk to. Often they have no real reason for their visit ... Once a service user gets your name, if they see you as especially helpful you'll never get rid of them, even if you've changed your job since! (I have been here 11 years and still regularly receive telephone calls from customers whom I assisted some 10 years or so ago who will only trust me!)

Thus the service providers in this case, like the service providers in the previous two cases, fail to support the first research hypothesis (that there is a distinctive model of relationship found only in the local government context) and they do so for the same reason as their earlier counterparts – because they use one of the seven models to describe their relationship with their service users. It follows that, again like the other service providers, the Benefits Service staff support the third hypothesis, that

relationships are the same in the two sectors. As to the second hypothesis, that users of council services do not have any relationship with their council, the evidence is that Benefits Service staff believe that the users of this service **do** have a relationship with them, of the Taken for Granted kind, and thus they (the service providers) fail to support the second hypothesis.

8.4.2 Benefits Service users

600 questionnaires were sent out in February 2001 to people listed as current Housing and Council Tax Benefits Service users in Barnet. Six were returned marked “Gone away” by Royal Mail, giving a net total of 594. 224 completed questionnaires were returned, giving a response rate of 38 percent. Table 8.7 below shows the mean scores for the Benefits Service users on each of the seven relationship models.

Table 8.7 Mean scores for Benefits Service users on each relationship model

Model	mean	Accept/Reject
Parasocial	53.8	inconclusive
Taken for Granted	51.3	
Weak Ties	48.3	
Exchange	40.0	reject
Contractual	37.3	
Consumer Control	32.6	
Public Good	27.4	
<i>2 standard errors</i>	<i>± 6.7</i>	

N = 224

It will be seen that none of the relationship models scores more than two standard errors above the mean, indicating that the Benefits Service users do not feel that any of the seven models fits their own experience of the relationship with Benefits Service providers. In this respect the Benefits Service users resemble the service users in the previous two case studies. The results are inconclusive for three of the

models (Parasocial, Taken for Granted and Weak Ties) while four models (Exchange, Contractual, Consumer Control and Public Good) are actively rejected by the Benefits Service users.

27% of the respondents made comments on the service as well as ticking boxes on the questionnaire. 11% made positive comments, many of them complimenting the attitude of the staff. It was noticeable though that these comments were more often than not about the degree of professionalism, rather than the inter-personal warmth shown by the staff. For example:

... the staff were very helpful and were treating me in a good professional manner.

The staff have always been helpful, polite and courteous to me. Also, although some things seem to get sorted out slowly they are always resolved in the end.

The critical comments covered a variety of quality of service issues, including bureaucracy, inefficiency and delays in being seen or dealt with. For example:

When I first went to Barnet, I was messed around regarding council tax. I was forever calling in person or ringing. One person was saying one thing, the other person saying different, also I don't think they keep records, as I kept filling in more paper work. It seems the left hand does not know what the right hand is doing half the time. I just hope they get it right.

There were also some adverse comments about the way individual service users were treated. For example:

I would like to think that staff are always ready to listen to my explanations and/or complaints, and try to guide me to the best of their ability and not merely pretend that they are doing their job, and asking to explain my points in writing, as if I am a nuisance.

However, despite these comments the overall view of Benefits Service users was that none of the seven relationship models was adequate to describe the way they perceived their relationship with the service providers. As with the first case study, and the second, the service users in the third case study offer partial support for both the first two research hypotheses, and for the same reason: they reject all seven of the relationship models, leaving open the possibility of a distinctively local government model instead.

8.4.3 The Benefits Service case study and the research hypotheses

Hypothesis 1 concerns the existence of a distinctive model of relationships found only in the local government sector. The findings of the third case study support those of the previous two as far as the service providers are concerned: there is no need to posit a distinctive local government relationship model when an existing model (the Taken for Granted model in the case of Benefits Service staff) is capable of describing the perceived relationship between service providers and their service users. Similarly, Hypothesis 3 is accepted by this group – the relationships are perceived in the same way in both sectors. The service users on the other hand reject all seven relationship models in respect of their own situation.

Hypothesis 2 states that users of council services do not have any relationship with their council. The Benefits Service providers reject this hypothesis since they have a model, Taken for Granted, that seems to them to fit very well. The service user findings however offer partial support for this hypothesis: although they reject all of the seven models identified in this research, there is still the theoretical possibility of a local government model.

8.5 Conclusions regarding the research hypotheses (H1, H2, H3)

Having reviewed the evidence for the research hypotheses from the empirical findings of each of the three case studies separately, conclusions can now be drawn from the three studies together. Table 8.8 summarises the conclusions in tabular form.

Table 8.8 Summary of the conclusions regarding each research hypothesis

	Library Service		Environmental Health		Benefits Service	
	Providers	Users	Providers	Users	Providers	Users
H1	R	R	R	R	R	R
H2	R	A	R	A	R	A
H3	A	A	A	A	A	A

R = Rejected; A = Accepted

8.5.1 Hypothesis 1

8.5.1.1 Service providers

This hypothesis (that there is a distinctive model of relationship which is found in the local government context) is rejected by the service providers in all three case studies: relationship models identified in this research are capable of describing the perceived relationships between local government service providers and their service users so that there is no need to invoke a further model (the “local government” relationship), especially as there is no evidence for it in the local government literature. (A preliminary factor analysis of the service user survey data also failed to reveal any underlying structure which might form the basis for a local government relationship model.)

8.5.1.2 Service users

Service users on the other hand reject all seven relationship models, which leaves open the possibility of a distinctive local government model of the relationship between service providers and service users. However, there are good grounds for believing that there is no such model, and that service users do reject the first hypothesis. These grounds are: Occam's razor or the 'principle of parsimony' (Heylighen, 1997); the spontaneous comments made by one set of service users (Environmental Health); and some external evidence that local government service users reject the idea of a relationship with their council as service provider.

First, Occam's razor is a philosophical principle which states, in effect, that if there are two or more possible explanations of a given phenomenon one should accept the simplest. In other words, if a particular relationship can be described by an existing model there is no need to postulate a new model to describe the same thing. This principle argues against the idea of a distinctive local government model of relationships because it would be an unnecessary complication. Second, the spontaneous comments made by a number of Environmental Health service users are very clear: they do not want a relationship with their service providers. While this was the only case study to make the point so strongly it is significant that neither of the other two case studies contradicts it. Third, the external evidence. This is in three parts – that local government service users do not want a relationship, that the local government marketing literature does not support the idea of a relationship and that the public are confused about the nature and role of the public sector.

It should not be a surprise that some local government service users do not want a relationship at all. As Barnes (1997) put it:

It is almost certainly the case that customers will be reluctant to use the term 'relationship' to describe the interaction they have with most service providers with whom they deal. (Barnes, 1997, p. 228)

The following letter to one of the local papers serving the Barnet area makes the point well:

A disciple asked Confucius⁵³: 'If the Lord of Wei left the administration of his state to you, what would you put first?'

The sage replied: 'If something has to be put first, it is perhaps the rectification⁵⁴ of names.'

The disciple thought this strange, and asked: 'Why bring in rectification at all?'

'When names are not correct, what is said will not sound reasonable, affairs will not culminate in success, rites and music will not flourish, punishments will not fit crimes, and the common people will not know where to put hand and foot' Confucius explained.

[The letter writer goes on to draw a parallel with Barnet Council:]

A 'customer' is a person who buys something.

A 'council' is an administrative body or a governing authority.

A 'tax' is a compulsory payment imposed by a governing authority to raise revenue.

Barnet Council is not selling things to the residents of Barnet⁵⁵.

Barnet Council is not a business.

Barnet residents are not Barnet council's 'customers'.

Can someone please tell the chief executive?

(Johnson, 2001)

⁵³ The quotation from Confucius is an edited version of Analect 13:3.

⁵⁴ Confucius is punning here, since the Chinese words for 'rectify' and 'government' have the same pronunciation (Muller, 2003, comment on Analect 12:17)

⁵⁵ Not strictly true. The council *does* sell things to local residents – for example its Pest Control service, use of its swimming pools, and residents' car parking permits.

As far as this resident (and potential service user) is concerned his relationship with the local council is perfectly clear: there isn't one. He pays his local taxes because the law requires it, and he receives services because they are his right as a citizen. In his view there is no direct connection between these two events, in the way that there is for a commercial transaction of some kind. The divorce between payment and service provision is absolute, and this prevents the formation of any relationship. This, admittedly extreme, view has been encountered before in this research. For example, the Pest Control service user who said:

What relationship? Don't you think some of these questions are a bit wide of the mark, we only called you to remove a wasps nest!!

There are similar examples in the relationship marketing literature as well. For example, Sheaves and Barnes (1996) quote a

bank customer, participating in a focus group session, [who] indicated that he had an ideal relationship with his bank: 'I don't call them, and they don't call me.'
(Sheaves and Barnes, 1996, p. 232).

Similarly Barnes (1994) maintains that no relationship exists until the service user extends ownership in the service provider to the point where he or she begins to refer to it as "my bank" or "my supermarket", like "my doctor" or "my lawyer". Users might conceivably refer to "my library", but never to "my pest control service" or "my benefits service". With this in mind all the comments made in response to the open-ended questions in the three user surveys carried out for this research were re-examined. In every case the expression used was *the* service, never *my* service.

The next piece of external evidence is the local government marketing literature, or more precisely the public sector marketing literature in which there are few

references to relationships, let alone any special models of relationships which are to be found in this sector and nowhere else. For example, Chapman and Cowdell (1998, p.35) only mention relationship marketing once, and that is as the last of three elements of the fourth P, promotion. Indeed they put the phrase 'relationship marketing' in inverted commas, implying that there is something questionable about relationship marketing as a theory. Be that as it may, these authors certainly do not regard marketing relationships as having any relevance to the public sector. They do put forward a typology of public sector provider-user relationships (Chapman and Cowdell, 1998, p. 42), but it is devoid of any interpersonal features, focussing instead on the relative amounts of power possessed and brought to bear by both sides⁵⁶.

Likewise, Beuret and Hall (1998) discuss a number of approaches to marketing, but do not mention relationship marketing or the relationship between local government service providers and service users at all. From the other perspective, that of the relationship marketer, it is significant that a recent text on Relationship Marketing (Egan, 2001) makes no mention of local government or public sector marketing.

The final piece of external evidence concerns the confusion that exists in the public mind about the nature and role of the public sector, which includes local government. It is argued that this confusion makes it very difficult, if not impossible, for a distinctively local government model of marketing relationships to

⁵⁶ Power can of course be an important factor in a relationship (Gummesson, 1994a; Iacobucci, 1994), although other authors (Hunt, 1994; Morgan and Hunt, 1994; Oliver, 1990) maintain that the exercise of power is antithetical to the creation or maintenance of a relationship. It is however noticeable that nowhere in the relationship marketing literature is power regarded as a major, or even a necessary, component of a relationship.

develop. Steele and Corrigan (2001) asked three groups of people ('professional informants' engaged in public service, focus groups and a random sample of 1,000 members of the general public) to define a 'public service'. They concluded that:

the most striking theme of all is one of inconsistency. People came back again and again to the idea that a public service involves public money and government authority, but were unable to fit this together with a belief that public services should benefit society.
(Steele and Corrigan, 2001, p. 3)

Similarly

For members of the public, as for our professional informants, it seems that 'public' services are almost indefinable in any coherent or consensual way. And yet this ambiguity seems to be accepted.
(Steele and Corrigan, 2001, p. 19)

This ambiguity, uncertainty or confusion about the nature and role of public services is also evident in the results of two successive polls taken by the market research company MORI (2001). In the earlier year (2000), 27% of the sample of 2,088 adults in Great Britain strongly agreed that

in principle public services should be run by the government or local authorities, not by private companies.
(MORI, 2001, p. 26).

The following year this figure increased to 45%. (The corresponding figures for "tend to agree" were 39% and 33%.) It may very well be the case that the switch in public opinion which these figures reveal was partially attributable to one catastrophic event, the Hatfield rail disaster on 17 October 2000. Whatever the contingent causes, the important points are the size of the shift in public opinion and the speed with which it happened. Such behaviour is quite uncharacteristic of a deep seated attitude, but typical of a superficial belief or an ambiguous one. It is therefore argued that the MORI polls support the idea that the public attitude towards public

services is certainly changeable, at best ambiguous and at worst inconsistent. It is further asserted that there cannot be a distinctive 'local government model' of the relationship between service users and service providers while users have no clear and consistent idea of what a public service such as local government actually is.

Therefore, in the absence of any evidence for a distinctive local government marketing relationship model, either from the findings of the three case studies or the extant literature, it is concluded that no such thing exists and that Hypothesis 1 is therefore rejected.

8.5.2 Hypothesis 2 – service providers and service users

Hypothesis 2 is that users of council services do not have any relationship with their council. Unlike Hypothesis 1 the evidence from service providers and service users conflicts in respect of the second hypothesis. It has already been demonstrated that service users do not support the idea of a distinctive local government relationship model (H1). Indeed, the evidence from the service users is that they do not perceive any kind of relationship. Hence it is concluded that they support H2. However, the service providers do perceive a relationship, albeit not always of the same kind. This conflict is partially resolved by recalling that reciprocity is an important element of a relationship (see Chapter 5, p. 88). If one party (the service providers) perceives a relationship but the other party (the service users) does not then there is no reciprocity in the relationship, and therefore no relationship. In which case H2 is confirmed, despite the perception of the service providers that they are in some kind of relationship (of either the Taken for Granted or Weak Ties kinds) with the service users. This difference was noted by Johns who observed:

Service can be viewed from either a provider's or a customer's view, and the phenomenological nature of the service experience means that these viewpoints will always be different. (Johns, 1999, p. 968)

but Steele and Corrigan (2001) offer a more specific explanation when they suggest that the reason why the public appear to be confused about their relationship with public service is not “an indication of public fickleness” but rather

the result of a myriad of inconsistent experiences of and messages about public services which lead individuals to hold apparently contradictory views or behave in apparently inconsistent ways. (Steele and Corrigan, 2001, p.20)

This accords with the theory of services marketing, which holds that heterogeneity is one of the distinguishing features of a service:

... each service encounter will be different by virtue of the participants, the time of performance or the circumstances. As a consequence each purchaser is likely to receive a different service experience. (Gabbott and Hogg, 1998, p. 28)

However, although services marketing theory can account for differing experiences from different service encounters, it does not explain why local government service users should receive inconsistent and contradictory experiences. It is known that most members of the general public, whether in Barnet or elsewhere, are users of more than one council provided service. This research has shown that the providers of those services have different perceptions of the nature of their relationship with the service users, depending on which service they provide. It is reasonable to assume that these differences in perception will express themselves in differences in behaviour towards the service users. (It should also be remembered that the attitudes of the library service providers themselves showed marked differences, from the warm and friendly to the downright hostile.) This in turn is likely to result in the service users perceiving different experiences and different ‘messages’ from different services. Since the different services in question are all provided by the

same supplier, namely the London Borough of Barnet, it is equally reasonable to assume that the service users will sum together their experiences of a wide variety of different public services – and find them to be inconsistent or contradictory. The outcome could plausibly be a reluctance to characterise the service encounter with the council in relationship terms. Indeed, theory predicts that service users would want to walk away from a relationship with a service provider who treats them in this unsatisfactory way (as they see it). Meanwhile the service providers have the comparative luxury of only having to concern themselves with the relationship model characterising one service at a time, their own, since they do not have to deliver two different services at once, and so do not face the problem of apparent inconsistency or contradiction in what they are doing. Consequently it is much easier for them to perceive a relationship and characterise it in a model.

8.5.3 Hypothesis 3

Hypothesis 3 is that marketing relationships are perceived in the same way in both the local government and the commercial sectors. Given the rejection of a distinctive local government model as required by H1, it is natural to accept H3, that the perceptions of the relationships are the same in local government as in the commercial sector. Indeed, this is clearly true as far as the service providers are concerned. The local government service users on the other hand perceive no relationship with the council. In this sense they can be said to be the counterparts of those customers who were described by Sheaves and Barnes (1996), Barnes (1997) and Fournier, Dobscha and Mick (1998) as perceiving no relationship between themselves and their suppliers. Thus both local government service users and local government service providers support H.3.

8.6 The second research question

The second research question concerns the nature of service provider/service user relationships across all local government services. Once again a distinction must be made between the users' perceptions and those of the providers.

8.6.1 Service users

The service users do not perceive any relationship in any of the three case studies, so that from their perspective the nature of the service provider/service user relationship is the same across all three services.

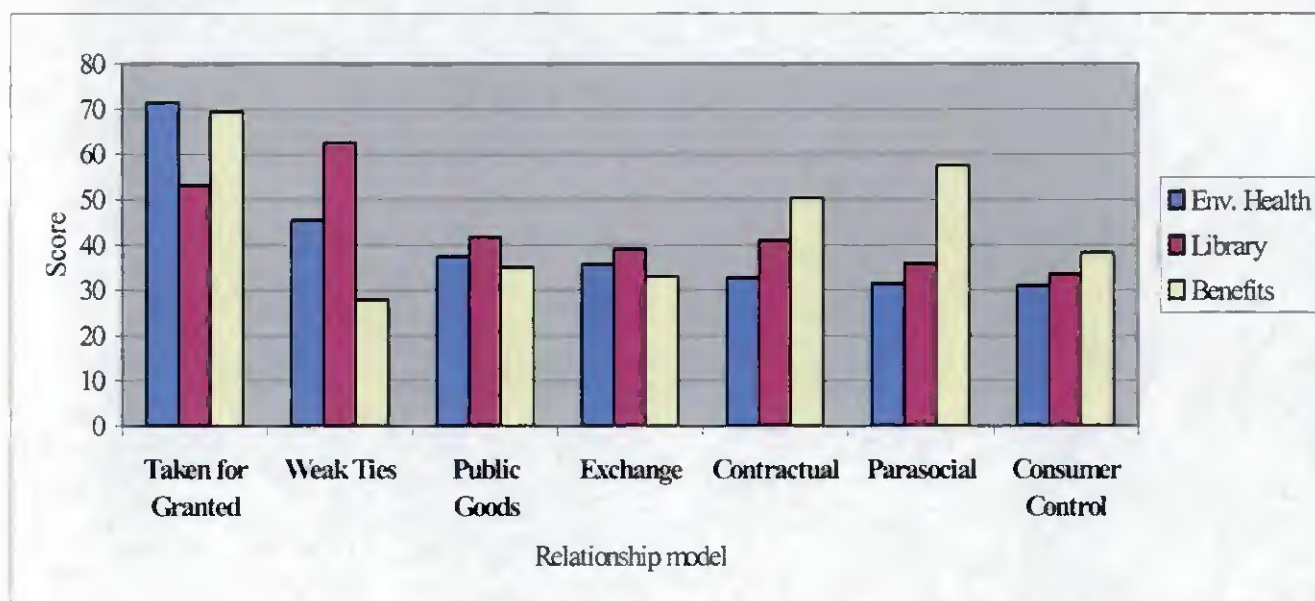
8.6.2 Service providers

It has already been seen that the service providers' perceptions of their relationships with service users are characterised by one of two models, Taken for Granted in the case of the Environmental Health and Benefits Services, and Weak Ties in the Library Service. Table 8.9 on the next page uses the spectrum of interaction (introduced in Chapter 6, p. 139) to plot the relationship model profiles of the three service providers. It shows the mean scores on each of the relationship models, arranged according to their degree of interaction. Figure 8.1, also on the next page, shows the same information in graphical format, but arranged this time by decreasing size of the Environmental Health Service providers' score (Environmental Health being the service with the highest absolute model score). Both formats suggest that different service providers have different perceptions of the relationship.

Table 8.9 Mean model scores for service providers, by type of service

Model	Library	Env. Health	Benefits
Weak Ties	62.6	45.5	27.8
Exchange	39.1	35.7	33.0
Contractual	41.1	32.7	50.3
Consumer Control	33.6	31.0	38.2
Parasocial	35.9	31.5	57.5
Taken for Granted	53.2	71.4	69.4
Public Goods	41.8	37.4	35.0
n	100	34	38

Figure 8.1 Relationship model profiles for the three service providers



The appearance of the relationship profiles in particular (Figure 8.1) suggests that the service providers from the three different services have different perceptions of the relationships between them and the service users. To test whether the visual

impression of differences is statistically significant the data was analysed using Kendall's W (see Appendix 5). A value for W of 0.082, corresponding to a chi square value of 1.143 with 2 degrees of freedom was obtained, corresponding to a significance level of 0.565. It is concluded that there is no statistically significant association between the scores given by the service providers of the three different services and that therefore from the service providers' perspective the model of relationships is not the same across all services, which provides further information in respect of the second research question.

Chapter 9: Conclusions and Recommendations

9.1 Introduction

This chapter sets out the main findings and conclusions of the research, and in particular discusses what the empirical findings have to say about the three research hypotheses and the two research questions. This discussion leads to a consideration of the primary research question, whether relationship marketing can be applied to local government. It is concluded that, while there is no theoretical objection to extending relationship marketing to this new context, attempts to do so will probably fail because the relationships involved are inappropriate for relationship marketing. The chapter then considers some of the marketing implications of the research, including the applicability of marketing to local government, recommended marketing strategies for a taken for granted service and the organisation that provides it, and the implications of the other relationship models that have been investigated. The final part of this chapter discusses some of the limitations of the research, including the research design and methodology, and ends by outlining the contributions to knowledge made by this research and suggesting some avenues for further research.

9.2 Main Findings and Conclusions

This research set out to investigate the nature of relationships between service providers and service users in the context of local government in England, with a view to establishing whether relationship marketing is applicable to this new sector. The concept of the model of a relationship (outlined and explained in Chapter 6) was introduced in order to categorise the ways in which service users perceive their relationship with the service providers, and vice versa. This approach to thinking

about marketing relationships led to the decomposition of the original research question into three research hypotheses that have been tested empirically, and also to the addition of a second research question. The three hypotheses were:

H.1 There is a distinctive model of relationship which is found exclusively in the local government context (hypothesis rejected).

H.2 Users of council services do not have any relationship with their council (hypothesis accepted by service users, rejected by service providers).

H.3 Marketing relationships are perceived in the same way in both the local government and the commercial sectors (hypothesis accepted).

The second research question is to investigate the nature of service provider/service user relationships across all local government services.

9.2.1 Hypothesis 1 – a distinctive local government model of relationship

H1 was universally rejected by the service providers in the three case studies since they identified with two of the models out of seven investigated, demonstrating that they had no need of a hypothetical, local government specific relationship model.

The service users on the other hand rejected all seven proffered relationship models.

Evidence has been put forward (in Chapter 8, p. 200) to argue that this rejection does not imply the existence of a distinctive local government model in preference to the seven commercial sector models investigated, but rather that service users in all three cases deny that they have **any kind** of relationship with their service providers.

It was also noted that this reaction is characteristic of users of “Taken for Granted” services (see Chapter 6).

9.2.2 Hypothesis 2 – users of local government services have no relationship with their council

This hypothesis is closely related to H.1, and it follows that the service users who denied any kind of relationship with the service providers in respect of H.1 must also confirm H.2. However, the picture is complicated by the findings relating to service providers. Service providers identify two models of relationship with their service users: Taken for Granted in the case of Environmental Health and Benefits, but Weak Ties in the case of Library staff. Relationship theory maintains that there cannot be a relationship without some degree of reciprocity, which implies that if only one party to the service encounter perceives the existence of a relationship then there is no relationship, because no reciprocity exists. Chapter 8 provided an explanation based on service marketing theory for this discrepancy between the two perspectives – the users who deny any relationship and the providers who claim a relationship. It is argued that users of council services encounter a wide variety of different council-provided services in the course of their daily lives, and that these service encounters are inconsistent or even contradictory in terms of the quality of service and level of satisfaction. It is when these users attempt to characterise their interaction with the council in relationship terms, by aggregating their experiences over all service encounters, that the difficulties occur. Faced with inconsistency and contradiction it is perhaps natural to deny that there is a relationship. Providers, on the other hand, are mostly engaged only in the delivery of one service, suffer no such inconsistency or contradiction and hence are able to describe their interactions in relationship terms.

9.2.3 Hypothesis 3 – marketing relationships are perceived in the same way in both the local government and commercial sectors

The findings in respect of Hypotheses 1 and 2 have already established the truth of this hypothesis for service providers. The service users are a different matter. This research has shown that service users' perception is that there is no marketing relationship. This perception has an equivalent in the commercial marketing literature (see Chapter 8), namely amongst service users who deny that they have any relationship with the service provider. We can therefore say that H.3 is supported by the local government service users surveyed for this research, in that they perceive their marketing relationships in the same way as some at least of their equivalents in the commercial sector.

9.2.4 Answering the research questions

The primary research question was “can relationship marketing be applied to local government?”. The findings reported here indicate that, while there is no theoretical objection to extending relationship marketing to this new context (because the models are shared), nonetheless attempts to market local government services based on the premise of interpersonal relationships between service providers and service users will probably fail, because there is no reciprocity in the relationships between local government service providers and their service users. This is not to say that marketing per se is doomed to failure in this context, because there is much that can be done outside the framework of interpersonal relationships, such as direct mail, database marketing, corporate advertising or branding.

The second research question was to investigate the nature of service provider/service user relationships across all local government services. The service

users' perception of their relationships with service providers is the same across all three cases – they reject the notion that they have a relationship. The service providers on the other hand do perceive a relationship, or rather they perceive one of two different models of relationship, depending on which service they work for. Thus there are two main conclusions to be drawn: first that service users and service providers see the relationship between them in quite different ways; secondly that service providers' perceptions of their relationships with service users vary from one service to another. One implication is that marketing of local government services will have to be tailored and adapted to fit the varying circumstances of different services.

9.3 Marketing Implications

9.3.1 Applicability of marketing to local government

There is a comparatively small amount of literature on the subject of marketing in the local government context. (See for example Beuret and Hall, 1998; Chapman and Cowdell, 1998; Lovelock, Vandermerwe and Lewis, 1999; Walsh, 1989; Zeithaml and Bitner, 2000.) Indeed there has been some debate over whether marketing is an appropriate or even a legitimate activity for local councils to engage in (May and Newman, 1999, which concluded that marketing was a new organising principle for local government). There seems to be a belief that, despite the fact that local councils' activities are almost all services (see discussion in Chapter 2), marketing is somehow alien to the 'public sector ethos'. Yet despite this the findings presented here in respect of all three research hypotheses demonstrate that in practice there is no fundamental incompatibility between marketing and local government:

- **H.1 (distinctive local government relationship)** is rejected – there is nothing unique about service provider/service user relationships in local government, and hence no reason why “mainstream” marketing should not apply
- **H.2 (no relationship between users and their council)** the one-sided nature of the marketing relationships shown in this study is consistent with the reality of marketing outside the local government sector. Morris, Brunyee and Page (1998) for example found a gap between the concept of relationship marketing, which was widely embraced by individual marketers, and the reality characterised by less commitment on either side than the literature would suggest (see also Egan 2001; Low, 1996)
- **H.3 (marketing relationships are perceived in the same way in both the local government and commercial sectors)**
both local government service providers and service users view use the same conceptual framework as their commercial counterparts to describe their relationships with each other, so that in this respect also marketing is compatible with local government.

9.3.2 Marketing implications of the Taken for Granted model

This research has shown that Taken for Granted is the most appropriate relationship model for some local government services. Not only is it the model used by the service providers in two out of the three case studies (Pest Control and Benefits), it is also the model that best or second-best describes the attitudes of the service users in all three cases, even though they do not explicitly acknowledge that this is the case – indeed this failure to acknowledge the existence of a relationship is itself one of the characteristics of a Taken for Granted service.

It was noted in Chapter 2 that there are a number of strategies for marketing Taken for Granted services, including an emphasis on communications and the use of “ceremonies” to build relationships with customers. The propensity of local councils to use communications in a tactical rather than strategic sense has already been noted, and this is an obvious shortcoming in current local council marketing strategies that needs to be addressed. As to the use of ceremonies, there are surprisingly few if any examples of their use in local government to build and maintain relationships with service users and local residents in general. Civic ceremonial – such as the annual mayor-making ceremony, or visits to and from twin towns - seems to take place in a kind of vacuum as far as the service users are concerned. Not that this level of ceremonial is necessary for relationship building. For example, an advertising campaign could be developed to stress how long the local council has been collecting refuse in the area, how many of the staff live locally, how their children go to local schools, how they contribute to their local community and so on.

It was noted earlier (Chapter 6, p. 133) that in the case of a Taken for Granted service there will typically be a degree of dissociation in the service user’s mind between the service and the company or organisation providing it. The schools example quoted in Chapter 6 (which showed how the ordinary resident in Barnet fails to associate the service of education, the biggest spender of all local government services, with Barnet Council the provider of that service) shows how local council Taken for Granted services can be vulnerable. If the service users can dissociate schools from the council, they will be more likely to support moves by schools to split themselves off from the council. While there is an ongoing political

debate about whether or not this would be in the public's wider interests, it is a bad thing from the point of view of an individual council faced with losing a significant proportion of its total budget. A defensive marketing strategy (Storbacka et al, 1994), aimed at stemming the outflow of responsibility, staff and budget, would seem to be indicated and marketing will have its part to play in this. However, in the long run it is debatable whether a defensive strategy will succeed, since there is persuasive evidence that although people talk about democracy, in the end they don't actually care very much who provides their local services provided they are run efficiently (Pratchett and Wingfield, 1996). Nonetheless, councils that wish to retain their Taken for Granted services should invest in appropriate and even aggressive marketing strategies. At the least they should counter the inbuilt tendency towards dissociation. An effective corporate branding strategy would be one way to do this (Chapter 2, p. 34), since it could be used, for example, to reinforce the idea that individual schools – despite having considerable autonomy - operate under the corporate umbrella of Barnet Council. It is concluded that local councils' marketing strategies need to be based largely on the Taken for Granted model, and in particular that they should pay a great deal of attention to the use of communications in a strategic way, for example to celebrate the unsung contributions that the local council's staff make to the life of their community, both at work and outside work. They also need to develop an appropriate corporate branding strategy to reinforce the idea that it is the local council that stands behind and provides the wide range of services that make living in the local area the pleasure that it is. Of course, the reality must match the marketing, as always. Consequently local councils must also pay attention to the quality of their service delivery and service encounters, as noted in Chapter 2. They must ensure that every interaction with service users (which by the

definition of a Taken for Granted service will tend to be infrequent and occasionally emotional) is of a high quality, and is consistent with the values that are being declared through the communications strategy.

9.3.3 Human Resources and marketing implications of the Weak Ties model

The Weak Ties model was found to apply to one of the sets of service providers, the Library staff. The implication of this finding is that staff in this service see themselves as providing, not just a book issuing service, but also something more. They believe in effect that they are compensating for the breakdown of strong family and other ties in society generally. This needs to be recognised in the design of Library service jobs, and in the selection of Library service personnel. Since the Weak Ties model was found to apply to all categories of staff (Chapter 8, p. 179) these conclusions should also apply to all jobs within the Library service, not just the front line ones. Conversely, the ability to relate in a sympathetic manner to service users would not appear to be a high priority in selecting staff for the other two services studied. As far as the service encounter with the Library service is concerned, the priority should be to design in to the encounter the time and space necessary for the expression of empathy, courteousness and responsiveness.

9.3.4 Implications of the other models

The other relationship models investigated were not supported. However, it has been established that the models vary across services. For this reason the marketing implications of each model will now be briefly discussed, because of the possibility that one or more of them will be found to apply in the services not studied in this research.

9.3.4.1 Exchange

Chapter 6 noted that 'Exchange' is one end of a spectrum, with 'Communal' at the other end. It is clear that neither service providers nor service users have any great desire to move towards the Communal end, which would involve a radical change in each party's perception of and attitude towards the other and in particular would require even more interpersonal interaction than the Weak Ties model. Instead, an Exchange model service should concentrate on communicating the terms and conditions under which the service is provided, so that the service users are conditioned to expect no more and no less from the service than the council is prepared to supply and so that their experience of the service matches their expectations.

9.3.4.2 Contractual

The marketing challenge for Contractual services is to convert false loyalty into true loyalty - a challenge made all the more pressing for local councils by the increasing marketisation of their services. One way to do this is to demonstrate that these services are meeting quantifiable quality standards imposed from outside. Objective evidence of consistent performance at high levels can help to generate a good reputation for service which will build true loyalty.

9.3.4.3 Consumer control

One of the challenges here is to overcome public apathy and unwillingness to get involved to the extent that is required by true consumer control. A marketing strategy for this type of service would involve increasing participation by

consumers, which in turn would need to be stimulated both by effective communication and by true devolution of power from providers to consumers.

9.3.4.4 Public goods

It is important when marketing public goods to keep reminding the consumers that these goods do not appear by magic. Behind clean air, clean streets and efficient street lighting there is an organisation which spends money and employs staff to keep the supply of public goods going. Branding and communication are key elements in any marketing strategy for this class of service.

9.3.4.5 Parasocial

The characteristics of a parasocial service include high consistency, low distinctiveness and low consensus (Chapter 6, section 6.3.6). These are characteristics that the service user looks for, and which help to build and maintain his/her relationship with the service provider. The marketing task for this type of service is to ensure that high consistency, low distinctiveness and low consensus are all delivered, and in particular that service users receive good service *every time* they use the service (high consistency); that they receive the same high standard *across the whole range* of council services (low distinctiveness); and that they perceive this level of service to be *unique* amongst councils (low consensus).

9.4 Research Limitations

9.4.1 General limitations

This research is both exploratory and innovative. It is the first time that relationship marketing concepts have been systematically applied to the field of local

government. With such a huge territory to map out the researcher has to choose between a very superficial sketch of the most outstanding features of the landscape before him or her, and a more detailed depiction of part of that landscape only. Whichever strategy is adopted the researcher can be left with the feeling that the other one would have been better!

Although the three cases were chosen to be as dissimilar as possible, and hence to represent a wide spectrum of local government services, three cases alone can never hope to capture all the variety of local government. There is one class of service in particular where different results might be expected. This is the class of ‘personal services’, such as social work, or education, where one might expect to find interpersonal relationships analogous to “my doctor”, “my hairdresser” or “my lawyer”. This kind of service was deliberately excluded from this study because it was felt that by virtue of their nature as personal services it would not be possible to generalise from them to the wider range of local government services – they are too different.

9.4.2 Limitations of research design

The research design chosen relies heavily on self-completion questionnaires within a quantitative framework, and it was maintained in Chapter 7 that this was appropriate for the research task in hand. Nonetheless, it can be argued that a greater use of qualitative methods, especially of some form of focus group discussion technique, would help to elicit some of the underlying thoughts and feelings that local government service users have towards their services. To some extent of course this was done in the pre-pilot and pilot stages, in that there were discussions about the

issues surrounding the proposed data collection instruments, but nonetheless a greater use of qualitative techniques would be useful. It would also permit a greater degree of triangulation, as advocated by, for example, Webb et al., 1981; Easterby-Smith et al., 1991; Colgate, 1998 and Abernethy et al., 1999, which would strengthen the validity of the data.

9.4.3 Limitations of methodology

The basic design of this research is the embedded case study. Reference has already been made to the limitation imposed by only having three embedded cases. A greater limitation is the fact that there is only one case – Barnet Council. This is a difficulty that confronts most case studies, and was discussed in Chapter 7. The problem of generalisation from a sample of one has been addressed many times before, and a common strategy for dealing with it is to use the concept of analytic rather than statistical generalisation (also discussed in Chapter 7). The analytic induction approach has led in this research to some specific conclusions, and contributed to theory. What it has not done, and of course not attempted to do, is to make statistical generalisations about all local councils. Although there are good empirical grounds for believing that because Barnet is in many respects a typical London Borough the results obtained here will be applicable elsewhere, it is beyond the power of the methodology employed here to test this claim.

9.5 Contributions to Knowledge

This research has made five main contributions to knowledge by:

- showing that relationship marketing can in theory be extended to a novel sector (local government), although the practical implementation of it raises considerable problems
- introducing the concept of the model of a relationship as a tool for investigating and classifying relationships between service providers and service users
- identifying the spectrum of interaction as a way of classifying relationship models according to an underlying theoretical continuum
- showing how the spectrum of interaction can be used to prepare relationship model profiles for services, both for their providers and for their users
- showing that when it comes to the marketing of many local government services the established theory of Taken for Granted marketing is the most appropriate to the reality of local government service provider/service user relationships.

9.6 Suggested Avenues for Further Research

- *extend the investigation of relationship models to other local government services, by using the framework developed here.* As was pointed out in the Introduction, local councils deliver a large number of different services. In particular London Boroughs, as unitary authorities, deliver personal social services to elderly people, to people with a physical or mental disability and to vulnerable children and their families. The interaction between Social Services staff and their clients might be of a different kind to that of the three services studied here, precisely because the service itself is of such a personal nature. It is possible for example that the relationship between Social Service provider and service user would involve more intimacy than even the Weak Ties model, which would require a new model to be developed. On the other hand, much of

the actual delivery of personal social services to elderly people in particular is carried out by contractors, and not by directly employed social workers. This introduces the complication of an “indirect relationship” in which service provider and service user interact through a third party – a category of relationship that has not been studied before. Anecdotal evidence⁵⁷ suggests that elderly users typically perceive any relationship as being with the care provider and not with the council, and only invoke the latter when something goes wrong. We might therefore expect to find that the relationship between personal social service users and the council as service provider is adequately described by the Taken for Granted model without recourse to a new relationship model. Alternatively, further research might indeed uncover a new and distinctively local government relationship model, although if this does happen we think it is highly likely that the new model will be confined to the most personal of local government services, and perhaps even to Social Services alone.

- *explore the nature of service provider and service user relationships in the healthcare sector.* There are a number of similarities between local government services and healthcare, and indeed the two sectors often work in partnership. One similarity is particularly relevant here, namely the variety of settings in which healthcare services are delivered. Reference has already been made (p. 99) to the use of a possessive phrase such as “my doctor” as an indicator of an interpersonal relationship and hence of an opportunity for relationship marketing. However, the medical practitioner referred to in this way is often, if

⁵⁷ Personal communication (2003) from Janet May, market researcher, based on her interviews with personal social services care recipients in another London Borough.

not always, a GP and one might expect a different kind of relationship to obtain in a hospital setting. Indeed, given the team nature of much hospital care there will be a high level of substitution of personnel, drastically reducing the opportunities for a personal relationship to develop with any one of them but increasing the likelihood of forming a Parasocial relationship with the Hospital Trust that actually provides the service. Thus on the face of it this research could be applied to at least one healthcare setting, extending its range of applicability and hence usefulness as a marketing concept for the not for profit sector.

- *investigate the contribution that branding might make to the marketing of local council services, especially the taken for granted ones.* Branding as a strategy for marketing Taken for Granted services was discussed in Chapter 2 (p. 32 et seq.). There appears to have been little if any research into the effect of corporate branding of local councils on service users' perceptions, or on service providers' perceptions for that matter, and this is a field that could usefully be explored. It is already known that a council's success in communicating with its residents has a direct bearing on the residents' overall rating of their council (see discussion on p. 31). More attention to the development and promotion of the council as a corporate brand might well result in higher approval ratings, which in turn would mean better scores when the Audit Commission assesses the council. However, there is a potential downside which should be the subject of further research. Given that service users often fail to associate Taken for Granted services with their providers, corporate branding might have the paradoxical and unwanted effect of reinforcing the dissociation between the

council as corporate entity and the council as provider of a particular service.

The whole area of corporate branding for councils and its effects is one that needs to be investigated further.

- *test the applicability of the relationship model concept to the rest of the service sector.* The literature review for this research found eight different models of marketing relationships, each one isolated from the next. The bringing together of different ways of describing relationships into one theoretical perspective, the concept of the relationship model, has been shown to be useful in one context, that of local government. It may be that the concept could be equally as useful in other contexts, especially since this research has shown that there is no such thing as a marketing relationship which is to be found in local government and nowhere else. The implication is that the concept of the relationship model is applicable across the rest of the service sector as well, but this will only be known if further research is carried out.
- investigate whether the providers of Taken for Granted services feel taken for granted by their employers as well as by their service users. Most of the literature on Taken for Granted services emphasises the service users' perception of the service as being Taken for Granted⁵⁸. The findings of this research raise the possibility that the service providers might also feel taken for granted, not just by their service users but also by their own employers and that therefore there is a strong case for internal marketing in taken for granted services, as has been argued by Dunmore (2002) in respect of utilities, media,

⁵⁸ see the discussion of the Taken for Granted relationship model in Chapter 6.

telecommunications and routine financial services such as money transmission.

It is also to be expected that improvements in internal marketing will benefit the marketing of the taken for granted services themselves, because of improvements in staff morale.

APPENDICES

Appendix 1: Barnet's Citizens Panel

The sample of library service users was drawn from the Barnet Citizens Panel. This Appendix gives a brief account of the Panel, and concludes that it is an acceptable surrogate for library users as a whole, although there is a possibility that Panel members might be more disposed to form relationships with service providers than the typical library user.

Many local councils have such panels, as does central government. Nationally, citizens panels are “beginning to show an exponential rate of growth” (Lowndes et al, 1998, p. 21) and are

used for a variety of purposes ... [both] sampling the beliefs and preferences of the whole population ... [and] also ... sampling particular citizen groups. ... this suggests that [local] authorities deem them to have a more general capacity than many of the other forms of participation. (Lowndes et al, 1998, p. 28)

A citizens panel consists of a statistically representative⁵⁹ sample of local residents - typically between 750 and 2,000 in number – whose purpose is “to provide a basis for survey research, and possibly other feedback and research activities.” (Dungey, 1997, p. 4). Barnet's panel, having been established earlier than most, is at the smaller end of the range with a nominal size of 1,000 people. The members of the Panel are drawn at random from the total electorate of Barnet (which is estimated at around 95% of the total adult population) and screened against census data to ensure that they are broadly representative of the adult population.

Extensive comparisons have been made between the Barnet citizens panel and the

wider population from which it was drawn (May, 1998, unpublished work for Barnet Council). The panel members appear to be representative of the population in terms of their location and their basic demographic characteristics (age, gender, ethnic origin). There is less certainty about some of the other characteristics of the panel, principally those that relate to economic status - employment, car ownership and housing tenure. By and large, though, the match between panel and population is a good one.

Citizens panels are however thought to suffer from a disadvantage known as 'voluntarism' (Oppenheim, 1966). By definition, the panel members are volunteers, and hence they might have some special relationship with, or attitude towards, the council which led them to join the panel in the first place. For example, the Local Government Centre at Warwick Business School commissioned a survey of 2,488 adult residents in 42 local authorities. One of the findings of this survey was that just over a fifth (21%) of interviewees said that they would like to have more of a say in what their local council does, and the services it provides (Martin et al, 1998). This proportion is consistent with the response to Barnet's invitations to join its citizens panel, which might suggest that panel members belong to this same minority of the population, i.e. those who want to get actively involved. If so, they could be considered unrepresentative of the non-active 80%.

There is also another potential problem with any panel, and that is 'panel conditioning', the phenomenon whereby panel members get too familiar with the

⁵⁹ The initial sample was chosen at random from the electoral roll, and then a final selection of panellists was made according to interlocked quotas for geographical distribution, age group, sex and ethnic origin.

services and begin to take on the views of the council, or at any rate become better informed than and therefore less typical of the 'ordinary person' (Dungey, 1997; Hatter, 1998). On the other hand, recent research (MORI, 2000) suggests that conditioning may not be such a major problem after all, and Barnet's Citizens Panel (in common with most others) is regularly refreshed with new Panellists replacing those who have served two years and hence at risk of conditioning.

Whatever other demographic or attitudinal similarities or differences there may be between Barnet's citizens panel members and the general population in Barnet, the average panel member visits the library 19 times a year, compared with 13.5 times for the average library user. In this respect at least they certainly are unrepresentative. The implication for this research is that the sample of Library users may very well have a higher than average propensity to form relationships with Library staff.

APPENDIX 2

LONDON BOROUGH OF BARNET PUBLIC AFFAIRS CORPORATE PUBLIC CONSULTATION GROUP

MEMORANDUM

TO: Colleagues in the Library Service

FROM: John May, Administrative Head of Public Affairs

DATE: November 1999 **OUR REF:** JM/

PERSON TO CONTACT: John May **EXT:** 2027
FAX:2461

SUBJECT: Request for your help - Survey of Service Providers

I would be most grateful if you would help me with some research I am doing into the relationships between the people who provide Barnet Council services (such as yourself) and the members of the public who use our services.

There are two reasons for doing this: first, it should help improve the way we deal with customers, which is worth doing for its own sake and will help with Best Value.

Second, it will help me (John May, Administrative Head of Public Affairs) with the PhD degree I am doing at Middlesex University.

So, whether you want to improve services or to help a mature student who ought to know better (or of course both!), your answers are very important, and will be treated in complete confidence. I hope to give you all some feedback on how Library staff have answered the questionnaire early in the next millennium.

Please return your completed questionnaire to me by 10 December 1999. You can use the internal mail, or if you prefer you can post your questionnaire back using the attached envelop – no stamp needed.

If you have any queries you can ring Bob Hellen, Libraries Research and Development Officer on ext. 3234, or myself on ext. 2027.

Many thanks.

John May
Administrative Head of Public Affairs

Service Providers Questionnaire

[Service code: 1 2 3]

This questionnaire is investigating the relationships between the people who provide Barnet Council services and the members of the public who use our services.

Please answer each question as far as you can, writing in some additional information if required. There are no 'right' or 'wrong' answers - it is your own experience or opinion that counts. If you work at more than one location please answer the questions for your home or base location. Please follow the 'Go to' instructions if there are any.

Thanks!

Q.1 How would you describe your job? (Please tick the one that comes closest)

Managerial ☐ 1

Front-line service provider ☐ 2

Support staff ☐ 3

Professional ☐ 4

Other (please write in) ☐ 9

.....
Q.2 When is the service available to customers?

Only when they ask for it ☐ 0

During defined working hours ☐ 1

On a continuous basis (or very nearly so) ☐ 2

Don't know ☐ 8

Q.3 How often do your customers use the service?

(Tick one box only – if you have a mixture of customers, some using the service rarely, others frequently and still others only occasionally please tick the box that applies to the majority.)

Rarely ☐ 0 Frequently ☐ 2

Occasionally ☐ 1 Don't know ☐ 8

Other (please write in) ☐ 9

Q.4 How much detail do you record about your customers when they first request the service or make contact with it? (Please tick the one that comes closest)

Transaction details only (not name and address) ☐ ₁

Names and addresses only ☐ ₂

Names and addresses + basic details of customers' transactions ☐ ₃

Names and addresses + basic details of transactions + information on customers' needs and requirements ☐ ₄

None of the above ☐ ₀

Don't know ☐ ₈

Other information (please write in) ☐ ₉

.....

Q.5 Who pays for the service? (Tick one only, then follow the instruction)

Individual customers, with no subsidy from council taxpayers ☐ ₀
[Go to Q. 6]

A combination of individual customers and council taxpayers ☐ ₁
[Go to Q. 6]

Council taxpayers generally, not individual customers ☐ ₂
[Go to Q. 7]

Don't know ☐ ₈
[Go to Q. 7]

Other (please specify; then go to Q. 6) ☐ ₉

.....

Q.6 Which of these statements best describes how much individual customers pay for this service? (Please tick the one that comes closest)

The same charges apply to everyone ☐ ₀

There are some concessionary rates ☐ ₁

Customers are assessed on their ability to pay ("means tested") ☐ ₂

Don't know ☐ ₈

Q.7 If more customers start to use the service, what happens to the cost of providing it? (Please tick the box that comes closest to describing the situation in your service.)

The cost increases each time a new customer starts using the service ☐ ₀

The cost doesn't go up if it is only a small number of extra customers ☐ ₁

There have to be a lot of extra customers before the cost of providing the service is affected ☐ ₂

Don't know ☐ ₈

Q.8 In your experience, how often do the majority of customers have direct personal contact with the people who provide the service? (Include face to face contact and telephone conversations, but do not include letters.) (Tick the one that comes closest)

More than once a week ☐ ₀

Once a week ☐ ₁

Once a fortnight ☐ ₂

Once a month ☐ ₃

Once in two months ☐ ₄

Once in three months ☐ ₅

Once in six months ☐ ₆

Once a year ☐ ₇

Less than once a year or never ☐ ₈

Don't know ☐ ₉

Q.9 Is personal contact with customers a part of the job for you personally? (Include face to face contact and telephone conversations, but do not include letters.) (Tick one only, then follow the instruction)

No [Go to Q.11] ☐ ₀

Yes [Go to Q.10] ☐ ₁

Q.10 How long is it since you last had direct personal contact with a customer? (Include face to face contact and telephone conversations, but do not include letters.)

- | | |
|-------------------------------------|----------------------------|
| <i>Within the last 3 days</i> | <input type="checkbox"/> 0 |
| <i>Within 4 – 6 days</i> | <input type="checkbox"/> 1 |
| <i>Within 1 – 3 weeks</i> | <input type="checkbox"/> 2 |
| <i>Within 1 – 3 months</i> | <input type="checkbox"/> 3 |
| <i>Within 4 – 6 months</i> | <input type="checkbox"/> 4 |
| <i>Within 7 – 12 months</i> | <input type="checkbox"/> 5 |
| <i>Over one year</i> | <input type="checkbox"/> 6 |
| <i>Can't remember or don't know</i> | <input type="checkbox"/> 8 |

Q.11 Thinking now about the customers themselves, how much, in your experience, do they want personal contact with the people who provide your service?

- | | |
|-----------------------|----------------------------|
| <i>A great deal</i> | <input type="checkbox"/> 0 |
| <i>Quite a lot</i> | <input type="checkbox"/> 1 |
| <i>To some extent</i> | <input type="checkbox"/> 2 |
| <i>Not very much</i> | <input type="checkbox"/> 3 |
| <i>Not at all</i> | <input type="checkbox"/> 4 |
| <i>Don't know</i> | <input type="checkbox"/> 8 |

Q.12 Does your service advertise, run poster campaigns, organise leaflet drops, mount exhibitions or operate some other kind of communications activity? (Tick one only, then follow the instruction)

- | | |
|--------------------------------|----------------------------|
| <i>No [Go to Q.14]</i> | <input type="checkbox"/> 0 |
| <i>Yes [Go to Q.13]</i> | <input type="checkbox"/> 1 |
| <i>Don't know [Go to Q.14]</i> | <input type="checkbox"/> 8 |

Q.13 Organisational communications usually try either to "sell" (i.e. persuade) or to "tell" (i.e. inform), or sometimes to combine the two. Whereabouts on the following scale would you place your service's communications? (Please circle the most appropriate number)

selling.....both.....telling
0 1 2 3 4 5 6 7 8

**How far do you agree or disagree with the following statements?
(Please tick one box only on each line)**

Q	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
14 There are rules about who can and cannot use this service	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
15 We use our customer records to generate more business	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
16 We tell people in advance what the different aspects of the service will cost them	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
17 The customer speaks to the same person every time they contact the service	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
18 The customers see me as a person, not an official	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
19 I would like to get closer to our customers, and get to know them as people	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
20 The people who use the service are more like friends than customers	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
21 Our customers don't usually talk to us until something goes wrong	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
22 Our customers assume we will always provide this service, whatever the circumstances or difficulties we face	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
23 Our customers expect the service to be available to them whenever they want it	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
24 Our customers get good service every time they come into contact with us	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
25 It doesn't matter which Barnet Council service they use, the customers always get the same high standard of service	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
26 The customers for this service are regularly surveyed to see what they want from it	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
27 We always give the public what they say they want	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8

Q	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
28 Customers exercise direct control over this service	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
29 The council decides on targets and standards for this service	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
30 There is an independent watchdog that monitors this service	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
31 There are alternatives to the council as provider of this service	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
32 Customers use our service because they prefer public provision to private provision	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
33 Our customers use this service because they can't afford to switch to another supplier	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
34 Our customers think the level of service they get from us is better than average for a local council	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
35 Our customers regard us as part of their social network	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
36 The social support we offer our customers is just as important to them as the service we provide	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8
37 The people who use this service the most regard it as a substitute for their family	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0	<input type="checkbox"/> 8

Q.38 Finally, are there any other points you would like to make about the relationship between the people who provide your service and their customers? (Please write below)

Thank you for taking the time to answer these questions. Please return your completed questionnaire to John May, Room 12A, Ravensfield House, via the internal mail or via the post using the envelope provided.

Appendix 3

Commentary on the scoring system for the Library Staff questionnaire

This commentary should be read in conjunction with the Library Staff questionnaire shown in Appendix 2, since the Question numbers below refer to that version of the questionnaire.

'Don't know' responses were recoded before analysis in SPSS as 'missing value'. This meant that they did not contribute anything to the score for the corresponding model. 'Normal' scoring means that a straightforward interval scale has been used. The alternative is 'Reverse' scoring, where a maximum score on the scale actually represents a minimum score on the model (e.g. Qn. 4 below). See also Appendix 5 for a fuller explanation.

The questions

Question 1 (*Demographic question*)

Does not contribute to the scoring for any of the theoretical models, but is used as an extra dimension for analysis purposes. Differences in the perception of the relationship according to type of job were expected.

Question 2 (*Contributes to: taken for granted*)

Normal scoring. A taken for granted service is available practically all the time. It follows that an on-demand service cannot be taken for granted, but that a continuously provided service can be.

Question 3 (*Contributes to: weak ties*)

Normal scoring. The assumption is that the more someone uses the service the more likely they are to develop weak ties with that service.

Question 4 (*Contributes to: public goods*)

Reverse scoring. A public goods service should collect no customer information at all, because there should be no identifiable customers.

Question 5 (*Contributes to: exchange/communal*)

Direct payment for service is indicative of an exchange relationship, not a communal one. (The exchange/communal model is rather different from the others. The opposite of 'exchange', in this model, is not 'no exchange', but 'communal'. The scoring is arranged so that zero is both the lowest point on the communal dimension and the highest point on the exchange dimension. Conversely, a high score on a particular item is indicative of a communal rather than an exchange relationship.)

Question 6 (*Contributes to: exchange/communal*)

Normal scoring. Differential charging systems (including means testing) are commonplace in local government and, in many cases, they are a significant feature

of the customer's interaction with the service. They fit quite comfortably with a communal relationship, because relationships of this type introduce the notion of caring for someone's well being, or at least their ability to pay. Exchange relationships on the other hand should not take any account of the customer's particular circumstances.

Question 7 (*Contributes to: public goods*)

Normal scoring. By definition, the cost of production of a public good is largely insensitive to the number of customers it has.

Question 8 (*Contributes to: weak ties*)

Reverse scoring. The likelihood of social ties developing increases with the frequency of contact.

Question 9 (*Filter question*)

This is a filter question only, to separate out those qualified to answer Qn. 10 from those not qualified to do so.

Question 10 (*Contributes to: parasocial*)

Normal scoring. The less frequent the contact the more likelihood that any relationship will be parasocial.

Question 11 (*Contributes to: public goods*)

Normal scoring. It is a characteristic of public goods that their customers do not want personal contact with service providers. The scoring reflects the continuum from a desire for a great deal of personal contact, which is indicative that the public goods model does not apply, to none at all which is indicative that it does apply.

Question 12 (*Contributes to: public goods*)

Normal scoring. The conventional approach to marketing public goods is not even to attempt to establish a link with individual customers. Instead, one treats the whole population as potential customers and markets public goods by straightforward promotional activities, aiming to educate and persuade the public as a whole rather than individual members of it. Much social marketing is of this kind. Hence the scoring here is a simple dichotomy – there is mass communication activity or there is not. If there is, it is a pointer towards the public goods model. If there is not, the public goods model probably does not apply.

Question 13 (*Contributes to: public goods*)

Normal scoring. The reasoning is the same as for the previous item. The location of the service's communications activity on this spectrum reflects its perception as a public good. A high (or telling) score indicates mass communication and the public goods model, a low (or selling) score suggests that the service is not being marketed as a public good.

Questions 14 to 37

The rest of the questions in this questionnaire take the form of Likert scales, scoring three for Strongly Agree, two for Agree, one for Disagree and zero for Strongly Disagree. The contribution to each of the models indicated is the score on the scale, although some questions are reverse scored.

Q.14 *Contributes to: contractual model.* Normal scoring. Contracts involve rules and obligations on both sides.

Q.15 *Contributes to: exchange/communal.* Normal scoring. If customer records are used proactively this can suggest an interest in the customer as an individual, and hence a communal relationship. Conversely, if they are not used this can indicate a lack of interest in the customer as an individual.

Q.16 *Contributes to: contractual model.* Normal scoring. Published price lists indicate a contractual approach to service provision.

Q.17 *Contributes to: parasocial model.* **Reverse scoring.** Continuity of service provider personnel is a strong contra-indication of parasocial relationship.

Q.18 *Contributes to: exchange/communal.* Normal scoring since the distinction between person and official role is important. If the customers see the provider as a person, not an official, there is more likelihood of the relationship being communal.

Q. 19 *Contributes to: exchange/communal.* Normal scoring. Wanting closeness can indicate a desire for a communal relationship.

Q. 20 *Contributes to: taken for granted.* **Reverse scoring,** because friendship is the antithesis of taken for grantedness.

Q. 21 *Contributes to: taken for granted.* Normal scoring. Lack of contact until something goes wrong is a characteristic of taken for granted relationships.

Q. 22 *Contributes to: taken for granted.* Normal scoring. This assumption by customers is also characteristic of a taken for granted relationship.

Q. 23 *Contributes to: taken for granted.* Normal scoring. This expectation is characteristic of a taken for granted relationship.

Q. 24 *Contributes to: parasocial.* Normal scoring. Consistent service is one of the characteristics of a parasocial relationship.

Q. 25 *Contributes to: parasocial.* Normal scoring. Low distinctiveness is one of the characteristics of a parasocial relationship.

Q. 26 *Contributes to: consumer control.* Normal scoring. Customer surveys can be an indicator of consumer control.

Q. 27 *Contributes to: consumer control.* Normal scoring. The more say the customer has the better the consumer control model applies.

Q. 28 *Contributes to: consumer control*. Normal scoring. If the customers exercise direct control over the service they are indeed in control.

Q. 29 *Contributes to: consumer control*. **Reverse scoring**. If the council controls the service in this way then it follows that the consumers cannot.

Q. 30 *Contributes to: consumer control*. Normal scoring. The independent watchdog may be a slightly weaker form of consumer control, because it is indirect, but it is one of the features listed by Hood, Peters and Wollmann (1996).

Q. 31 *Contributes to: contractual model*. Normal scoring. This item relates to true loyalty under the contractual model, since true loyalty is only meaningful if there are realistic alternatives.

Q. 32 *Contributes to: contractual model*. Normal scoring. Another item related to true loyalty and hence the contractual model.

Q. 33 *Contributes to: contractual model*. Normal scoring. This item relates to false loyalty, which suggests a contractual relationship.

Q. 34 *Contributes to: parasocial*. Normal scoring. Low consensus is one of the characteristics of a parasocial relationship.

Q. 35 *Contributes to: weak ties*. Normal scoring. By definition, if customers regard "us" as part of their social network they have Weak Ties with the service.

Q. 36 *Contributes to: weak ties*. Normal scoring. The greater the dependence on the library service for social support the greater the likelihood of Weak Ties developing.

Q. 37 *Contributes to: weak ties*. Normal scoring. This item makes the weak ties model explicit by asking whether users regard the service as a family substitute.

Question 38 (Open question)

No scoring. A straightforward open-ended question to finish with. The responses were analysed and incorporated in the findings as and when appropriate.

Appendix 4

Scoring Scheme for Library Staff Questionnaire

Model	Item 1	Item 2	Item 3	Item 4	Item 5	Min	Max
Contractual	Q. 14	Q. 16	Q. 31	Q. 32	Q. 33	0	15
Consumer Control	Q. 26	Q. 27	Q. 28	(3 - Q. 29)*	Q. 30	0	15
Exchange/Communal	Q. 5	Q. 6	Q. 15	Q. 18	Q. 19	0	13
Parasocial	Q.10	(3 - Q. 17)*	Q. 24	Q. 25	Q. 34	0	18
Public Goods	(4 - Q. 4)*	Q. 7	Q. 11	Q. 12	Q. 13	0	19
Taken for granted	Q. 2	(3 - Q. 20)*	Q. 21	Q. 22	Q. 23	0	14
Weak Ties	Q. 3	(8 - Q. 8)*	Q. 35	Q. 36	Q. 37	0	19

* These items are reverse scored, as indicated in Appendix 3. The reason for reverse scoring is that sometimes the logic of an item when stated in the way that feels most natural to the respondent requires the highest numerical value to be given to the *least* applicable of the answer options under normal scoring. Question 4 in Appendix 2 is an example of this. In this case there is a sequence of responses to a question about customer record keeping. The natural progression for a sequence like this is from a low level of detail to a high level of detail and the scoring is arranged accordingly. However the definition of Public Goods, to which Qn. 4 contributes, requires that the lower the level of detail the higher the score should be (see Appendix 3). To avoid distortion the actual score for this item is subtracted from the maximum score for the item. In this way the response that is most in keeping with the Public Goods model (i.e. no customer details recorded in this case) gets the highest score. Similar arguments apply to the other reverse scored items.

Appendix 5

Statistical Details

1. Calculating the Standard Error of the Mean

Since this study uses percentages, the expected proportion (π) will be 50 percent.

The standard error (S.E.) of this proportion can then be calculated according to the following formula, where 'n' is the size of the sample:

$$\text{S.E.} = \sqrt{(\pi(1 - \pi)/n)}$$

which for the library service providers gives

$$\sqrt{(50 \times (100 - 50)/100)} = 5$$

and for the library service users gives

$$\sqrt{(50 \times (100 - 50)/335)} = 2.73.$$

Using twice the S.E. gives ± 10.0 for the providers and ± 5.5 for the users in the Library case. Similar calculations for the other two case studies produce the values for 2 x S.E. shown in Chapter 8, Tables 1, 3, 4, 5, 6, 7.

2. Kendall's W

Kendall's coefficient of concordance (W) "measures the extent of association among several ... sets of rankings of ... entities. It is useful in determining the ... association among three or more variables" (Siegel, 1956, p. 239). Kendall's W may be considered a non-parametric equivalent of the parametric technique of Analysis of Variance. As a non-parametric test it does not require any assumptions about the normality of the distribution of the scores used to calculate the test statistic. Since the relationship model scores used in the data analysis section of this research are composites to begin with, then scaled to fit a range from 0 to 100, it is unlikely in the extreme that their distribution will be normal. The statistical analysis programme SPSS (version 9) calculates the value of Kendall's W for a given set of

data and also calculates the associated significance level of such values. The values reported in Chapter 8 for Kendall's W and the associated significance levels were obtained by using this programme.

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